

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAVERLY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

Prepared by the
Finance Department
Jack Bachhuber, Finance Director

**CITY OF WAVERLY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009
TABLE OF CONTENTS**

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1 – 4
Organization Chart	5
List of Principal Officials	6
Certificate of Achievement	7 – 8

FINANCIAL SECTION

Independent Auditors' Report.....	9 – 10
Management's Discussion and Analysis	11 – 22

Basic Financial Statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets	23
Statement of Activities	24 – 25

FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Balance Sheet.....	26 – 27
Reconciliation of the Balance Sheet to the Statement of Net Assets	28
Statement of Revenues, Expenditures and Changes in Fund Balances	29 – 30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities.....	31

Proprietary Funds Financial Statements

Combining Statement of Net Assets	32
Combining Statement of Revenues, Expenses and Changes in Net Assets	33 – 34
Combining Statement of Cash Flows	35 – 38

Fiduciary Funds Financial Statements

Statement of Fiduciary Net Assets	39
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Notes to Financial Statements	40 – 63
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Required Supplementary Information

Budgetary Comparison Schedules.....	64 – 67
Schedule of Funding Progress for the Retiree Health Plan	68

**CITY OF WAVERLY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009
TABLE OF CONTENTS**

FINANCIAL SECTION – (CONTINUED)

	Page
Other Supplementary Information	
Governmental Non-Major Funds Combining Financial Statements	
Balance Sheet.....	69 – 74
Schedule of Revenues, Expenditures and Changes in Fund Balances.....	75 – 80
Fiduciary Funds Combining Financial Statements	
Schedule of Changes in Assets and Liabilities.....	81

STATISTICAL SECTION

Government-Wide Net Assets by Component.....	82
Changes in Net Assets.....	83 – 84
Tax Revenue by Source.....	85
Fund Balances of Governmental Funds.....	86 – 87
Changes in Fund Balances of Governmental Funds.....	88 – 89
Assessed and Taxable Value of Taxable Property.....	90
Property Tax Rates-Direct and Overlapping Governments.....	91
Principal Taxpayers and Their Assessed Valuations.....	92
Property Tax Levies and Collections.....	93
Ratios of Outstanding Debt by Type.....	94
Ratios of General Bonds Debt Outstanding.....	95
Computation of Direct and Overlapping Debt.....	96
Legal Debt Margin Information.....	97 – 98
Water Revenue Bond Coverage.....	99 – 100
Sewer Revenue Bond Coverage.....	101 – 102
Demographic and Economic Statistics.....	103
Principal Employers.....	104
Full-Time Equivalent City Government Employees by Function.....	105
Operating Indicators by Function.....	106 – 107
Capital Asset Statistics by Function.....	108 – 109

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards (Cash Basis).....	110
Schedule of Findings and Questioned Costs.....	111 – 113
Independent Auditors' Report on Compliance with Requirements	
Applicable to Each Major Program and the Internal Control Over	
Compliance in Accordance with OMB Circular A-13.....	114 - 115
Independent Auditors' Report on Internal Control Over Financial Reporting	
and on Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with <i>Government Auditing Standards</i>	116 – 117
Corrective Action Plan.....	118



December 21, 2009

Honorable Mayor and City Council
City of Waverly
Waverly, Iowa

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Waverly. This report is for the fiscal year ended June 30, 2009. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to U.S. generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Williams & Company, P.C.

The City's Department of Accounting prepared our report. Management of the city is responsible for the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures. To the best of our knowledge and belief, the enclosed information is accurate in all material aspects and is presented in a manner designed to fairly present the financial position and results of operations of the city as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a complete understanding of the City of Waverly's financial activities have been included. Management of the city has established a comprehensive internal control framework that is designed both to protect the city's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the City of Waverly's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

GAAP require that management provide an introduction, overview and analysis to accompany the basic financial statement, in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A, found immediately following the report of the City's independent auditors, and should be read in conjunction therewith. State statutes and the City Code require an annual audit by independent certified public accountants to provide reasonable assurance that the information in the CAFR can be relied upon. The auditors' report is included in the financial section of the report.

PROFILE OF THE CITY OF WAVERLY

The City of Waverly was incorporated in 1859 under the provisions of the Iowa State Legislature. It is located in Bremer County along the Cedar River in northeast Iowa, about 15 miles north of the Waterloo-Cedar Falls metropolitan area. Highways serving the area include State Highway 3 and U.S. Highway 218 that is connected to Interstate Highway 380, Avenue of the Saints. The U.S. Census Bureau reported 8,968 residents in 2000, and estimated the population to be 9,269 in 2007.

Policy-making and legislative authority in the City of Waverly are vested in a governing council. The City of Waverly operates under a Mayor-council form of government. One council member is elected from each of the City's five wards, and two are elected at-large. For continuity purposes the mayor and council members serve

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four-year staggered terms with elections held every two years. The City Council makes policy decisions for the City through the enactment of ordinances, resolutions, and motions. The Council is also responsible for adopting the budget, appointing committees, and hiring the city administrator. The City administrator is responsible for implementing policy decisions of the City Council, overseeing the day-to-day management of the City, and hiring department directors. All departments and department directors report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees.

FINANCIAL INFORMATION

The City of Waverly maintains an internal control structure designed to provide reasonable, but not absolute assurance that the assets of the city are protected from loss, theft, or fraud and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The requirement for reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City recognizes the importance of leadership from management in these controls. The City Council has adopted a personnel policy that provides guidance as to certain elements of the internal control structure. The employees are updated on changes to these ethics and personnel policies to stress that internal control is an important element of the public's trust. The City has incorporated the personnel policy in the training of all employees and elected officials.

The foundation of the City's financial planning and control is the annual budget. The budget process includes sessions with staff, management, and the City Council. To ensure compliance with legal budgetary controls, the City Council and management receive monthly reports comparing budgeted amounts to actual expenditures. The City Council may make additional appropriations during the year for unanticipated revenues or capital projects which were not completed in the prior year. Budget-to-actual comparisons by 9 major functions are provided in the Required Supplemental Information section of this report.

Project length budgets are prepared for the various capital project funds. A "Ten Year Capital Improvement Plan" is prepared and reviewed annually with the City Council. This plan defines the long-term capital plan of the City while each specific capital project is appropriated through different revenue streams. The budget document presents function disbursements by fund; however the formal and legal level of budgetary control is at the aggregated function level, not by fund. After adoption, budget adjustments in these functions are authorized by the City Council.

State laws require audits for cities such as Waverly to be conducted by the auditor of the state or by certified public accountants. In addition to meeting state requirements, the audit must meet the requirements of the federal Single Audit Act of 1984, and the Single Audit Act amendments of 1996 which substantially revised various provisions of the 1984 Act, and the related U.S. Office of Management and Budget's Circular A-133. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained in the Financial Section which follows.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small town atmosphere while being only a 25 minute drive to a large metropolitan area. The last five year census show Waverly growing at an annual rate of .5%. The increase in building permit values, from last year, is mainly due to rebuilding from the flood and downtown Walgreens store. Although the FY 2009 was slow there are numerous building projects in the works, including several new retail stores, a bank, and industrial park expansions. These increases will allow the City to continue receiving increased intergovernmental revenues.

The City benefits from a prosperous downtown retail area plus other shopping areas on the south and north side of the City. The retail economy is very important to Waverly and has gone through a period of expansion. This is the first full year the City is overseeing the economic development and has established an Economic Development Department in City Hall. The director is involved with the Economic Development Commission of the Waverly Area which was formed to organize human resources and generate development capital to attract new business and industry in the Waverly and surrounding area.

Waverly is the home of Wartburg College, a private four-year college. Wartburg continues to expand its campus with major additions to the student union, science center, and dormitory facilities. On January 1, 2008 Wartburg College opened the new \$31 million Wartburg-Waverly Sports and Wellness Center. Wartburg College and the City of Waverly partnered in an innovative project to benefit both the college and community. The college is overseeing all youth and adult recreation programs which accounts for an annual savings to the City of \$150,000. In turn the City has appropriated up to \$600,000 a year, for eight years, if membership numbers do not reach projected figures. After the eight years the City has no further obligation, and the citizens have access to a complete aquatic/recreation facility.

The Wartburg-Waverly Sports and Wellness Center will be one of the largest NCAA Division III facilities of its kind in the nation. Waverly Parks and Recreation programs, community and college wellness programs, and Wartburg's 19 men's and women's sports will operate out of this center, which will provide Waverly's first indoor swimming facilities. The center will also include a state-of-the-art fitness center with climbing wall; a sports arena; an auxiliary gymnasium with jogging track; and a fieldhouse featuring a 200-meter competitive indoor track and space for four basketball or tennis courts. The facility will be open to the public for daily admission and yearly memberships. This addition will allow for the accommodation of the growing student population, and provide a regional wellness facility for the area.

The City of Waverly is a growing manufacturing, retailing, educational and health services center in northeast Iowa. Major employers range from CUNA Mutual Life Insurance with 693 employees, Wartburg College with 502 employees, Waverly Shell-Rock Schools with 428 employees, Waverly Health Center with 320 employees, Terex Cranes, Inc. with 125 employees, and Nestle Beverage food products with 250 employees. These figures include both full-time and part-time employees.

Sales and use tax showed an increase of 6.6 percent compared to the 2007-2008 fiscal year, and the number of businesses reporting sales tax increased by two outlets over the same time period. The positive increase in sales demonstrates a sound economy. Projections for next year include the construction of several new businesses along the southern & eastern business highways, along with a large retail business development in the downtown area. In July 2003 the City of Waverly started collecting local option sales tax which will allow the city to fund specific projects related to safety and infrastructure, without raising property taxes. This revenue will continue to pay off the new fire station/truck debt, and ongoing drainage and street improvements. The revenue stream has been consistent over the years with total receipts of \$796,500 in FY 2009. This was down 1% over the prior year but exceeded budget by 6%. Future projects for these funds include bond payments and various street improvements.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's June 2009 unemployment rate of 5.6% compares favorably to the State's rate of 6.2% for the same period. The tax base for the City is showing favorable increases. At an average increase of 3.2% a year since 2000, growth in the City's taxable valuation has been excellent compared to other cities of similar size. Assessed valuations for the same period increased at a rate of 7.9%, but the state's residential rollback continues to affect the taxing ability of cities. The state rollback affected taxable valuation again this year. The FY 2009 residential rollback was 45.5893 percent compared to 45.5596 percent in FY 2008. Detail figures are provided in the statistical section.

Long-term Financial Planning. The City of Waverly operates with a cash and investment pool concept, whereby funds not individually invested to the credit of a particular fund are invested to the credit of the General Fund. This is consistent with state law, which provides that with the exception of bond covenants and local ordinances that require investments by fund, investments can be pooled and invested to the credit of the General Fund.

It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

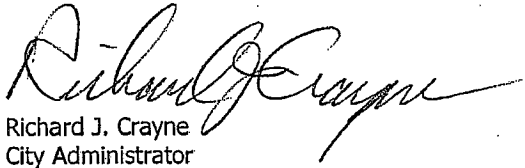
The City may invest in any of the securities identified as eligible investments defined in the City of Waverly Investment Policy. In general these consist of interest bearing savings accounts, certificates of deposits, United States Treasury Notes and Bonds, Iowa Public Agency Investment Trust, and government sponsored securities.

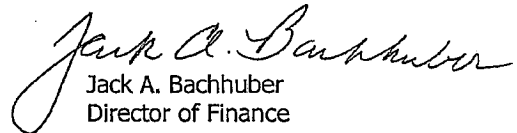
The certificate of deposit annual interest rate averaged 1.89% compared to 4.72% last year. The return of Iowa Public Agency Investment Trust averaged 1.09% compared to 3.49% last year. These are two major investment areas, and the decreased rate of return affected interest revenue by \$197,065, compared to last year. A solid fund balance in major funds helped cover most of the reduction in revenue. At June 30, 2009 the city's investment position for all funds totaled \$6,314,026 compared to \$8,318,184 in 2008. Most of the decrease was due to the completion of projects with a prior cash balance.

Awards and Acknowledgments. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly for its comprehensive annual financial report (CAFR) for the year ended June 30, 2008. In order to receive this award, the city must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2009 annual financial report to GFOA for review to determine its eligibility for an award.

The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and city council for their support and interest in the financial operations of the City in a responsible and progressive manner.

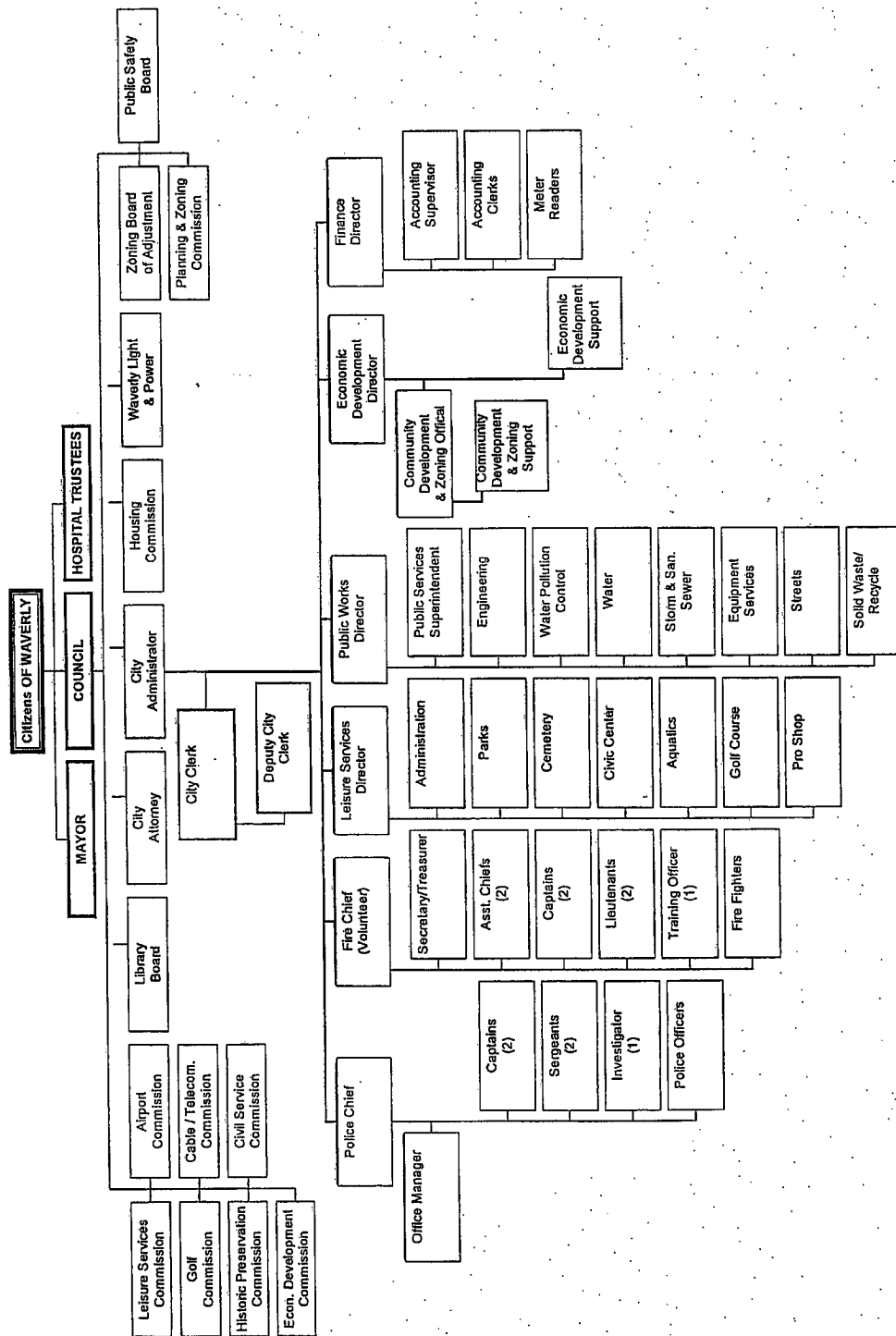
Respectfully submitted,


Richard J. Crayne
City Administrator


Jack A. Bachhuber
Director of Finance

Organizational Flow Chart

The City Of Waverly, Iowa



CITY OF WAVERLY, IOWA

List of Principal Officials June 30, 2009

ELECTED OFFICIALS

Mayor	Ivan Ackerman
Council Member – Ward 1	Eugene Lieb
Council Member – Ward 2	Gary Grace
Council Member – Ward 3	Cyndi Ecker
Council Member – Ward 4	Jim Vowels
Council Member – Ward 5	Fred Ribich
Council Member – At Large	Gary Boorum
Council Member – At Large	Duane Liddle

APPOINTED OFFICIALS

City Administrator/Clerk	Richard J. Crayne
Deputy City Clerk	JoEllen Raap
Attorney.....	Gerald B. Carney
Director of Finance	Jack Bachhuber
City Engineer/Director of Public Works	Michael Cherry
Police Chief.....	Richard Pursell
Leisure Services Director.....	Tabor Ray
Fire Chief	Dennis Happel
Library Director	Sarah Meyer-Reyerson
Economic Development Director	Jason Passmore
Community Development and Zoning Manager	Ben Kohout

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waverly
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council
City of Waverly, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa, (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of Waverly Health Center and Waverly Light and Power (discretely presented component units), which statements reflect total assets of \$42,311,829 and \$48,751,537 as of June 30, 2009 and December 31, 2008, respectively, and total operating revenues of \$40,318,604 and \$12,005,301 for the years then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Waverly Health Center and Waverly Light and Power, is based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009, on our consideration of the City of Waverly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and schedule of funding progress for the retiree health plan on pages 11 through 22 and 64 through 68, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statement of the City of Waverly, Iowa. The combining non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 21, 2009

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2009 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which starts on page 1, of this report.

Financial Highlights

- The assets of the City of Waverly exceeded liabilities at June 30, 2009, by \$41,124,297. Of this amount, \$3,277,717 is unrestricted and may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's net assets increased by \$1,089,089 during the year. Of this amount the assets of our Governmental Activities increased \$1,072,262 and the assets of our Business Activities increased \$16,827.
- The City's long-term debt decreased approximately \$2,000,000. The City issued \$4,360,000 of general obligation refunding capital loan notes which were used to current refund four outstanding issues. As a result the City will reduce its debt service payments over the next ten years by \$343,795. Outstanding general obligation debt totals \$13,030,000 and other notes payable total \$182,156.
- The unreserved fund balance for the general fund, at the end of the current fiscal year was \$1,782,381. This represents 27 percent of total general fund expenditures. This is down from last year due to expenditures relating to the golf course project, but above the city policy of maintaining a 25 percent fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waverly's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Waverly's finances, in a manner similar to a private-sector business. The *statement of net assets* is essentially a balance sheet that combines all funds on a government-wide basis. Changes in net assets over time may be an indicator of whether the City's financial position is improving or worsening.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event occurs, giving rise to the change regardless of the timing of the related cash flows. Thus,

revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Waverly that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Waverly include general government, public safety, public works, economic development, and culture and recreation. The business-type activities of the City include a water, sewer, and solid waste utility.

The government-wide financial statement includes not only the City of Waverly itself (*the primary government*), but also the legally separate Waverly Health Center and Waverly Light, & Power (*component units*), for which the City has some degree of financial accountability. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23-25 of this report.

Reporting the City's Most Significant Funds

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Waverly, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Waverly maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements in the City's full report.

The basic governmental fund financial statements can be found on pages 26-31 of this report.

Proprietary funds. The City of Waverly maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Solid Waste Utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the partially self-funded insurance program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Solid Waste Utility as all are considered, or have been designated to be major funds of the City. The internal service fund is a single, aggregated presentation in the proprietary fund financial statements. Individual fund data is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32-38 of this report.

Reporting the City's Fiduciary Responsibilities

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties external to the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Waverly's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements are reported in a separate *statement of fiduciary net assets* and a *statement of changes in fiduciary net assets*.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-63 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment). Less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net assets for the years ended June 30, 2009 and 2008.

	General Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 12,158,217	\$ 13,526,592	\$ 1,517,319	\$ 2,654,047	\$ 13,675,536	\$ 16,180,639
Capital Assets	35,437,808	34,084,323	14,162,607	13,622,482	49,600,415	47,706,805
Total Assets	47,596,025	47,610,915	16,276,529	16,276,529	63,275,951	63,887,444
Long-Term Liabilities Outstanding	10,311,061	11,876,489	2,039,147	2,603,785	12,350,208	14,480,274
Other Liabilities	8,989,640	8,511,364	811,806	860,598	9,801,446	9,371,962
Total Liabilities	19,300,701	20,387,853	2,850,953	\$3,464,383	22,151,654	23,852,236
Net Assets:						
Invested in Capital Assets, Net of Related Debt	23,672,634	21,032,486	11,575,601	10,839,282	35,248,235	31,871,768
Restricted	2,056,639	1,901,399	541,706	182,668	2,598,345	2,084,067
Unrestricted	2,566,051	4,289,177	711,666	1,790,196	3,277,717	6,079,373
Total Net Assets	\$ 28,295,324	\$ 27,223,062	\$ 12,828,973	\$ 12,812,146	\$ 41,124,297	\$ 40,035,208

This summary reflects an increase of 3.9% in the governmental net assets and an increase of .1% in the business-type net assets.

By far the largest portion of the City's net assets (85.71%) reflects its investment in capital assets (e.g. land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets \$2,598,345 (6.32%) represents resources that are subject to external restriction on how they may be used. Restricted net assets include the amounts restricted for debt service of \$582,176, cemetery perpetual care of \$466,001, and other specific revenue restrictions of \$1,550,168. The remaining balance of unrestricted net assets of \$3,277,717 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Waverly is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

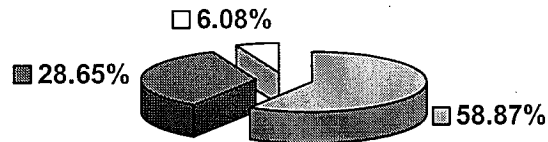
Total revenue reported in Fiscal year 2009 was \$14,520,364. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2009 and 2008.

Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program Revenues:						
Charges for Services	\$ 1,010,440	\$ 1,017,333	\$ 3,356,870	\$ 3,426,157	\$ 4,367,310	\$ 4,443,490
Operating Grants and Contributions	2,562,584	2,162,998	-	-	2,562,584	2,162,998
Capital Grants and Contributions	448,176	803,799	-	138,522	448,176	942,321
Total Program Revenues	4,021,200	3,984,130	3,356,870	3,564,679	7,378,070	7,548,809
General Revenues & Interfund Transfers:						
Property Taxes	5,738,820	5,269,029	-	-	5,738,820	5,269,029
Local Option Sales Tax	815,438	803,943	-	-	815,438	803,943
Hotel / Motel Taxes	170,557	173,098	-	-	170,557	173,098
Interest	57,397	193,573	26,338	70,915	83,735	264,488
General Intergovernmental Revenues	190,500	178,926	-	-	190,500	178,926
Gain on Sale of Assets	30,326	259,062	-	-	30,326	259,062
Miscellaneous	54,738	75,766	58,180	61,975	112,918	137,741
Total General Revenues before Interfund Transfers	7,057,776	6,953,397	84,518	132,890	7,142,294	7,086,287
Interfund Transfers	76,489	134,503	(76,489)	(134,503)	-	-
Total General Revenues & Interfund Transfers	7,134,265	7,087,900	8,029	(1,613)	7,142,294	7,086,287
Total Revenues & Interfund Transfers						
	\$ 11,155,465	\$11,072,030	\$ 3,364,899	\$ 3,563,066	\$14,520,364	\$14,635,096

Program revenues totaled \$7,378,070 for fiscal year 2009. Governmental Activities provided \$4,021,200 and Business-Type Activities provided \$3,356,870. Revenue collected for Charges for Services during fiscal year 2009 was \$4,367,310 accounting for 59% of the total program revenues.

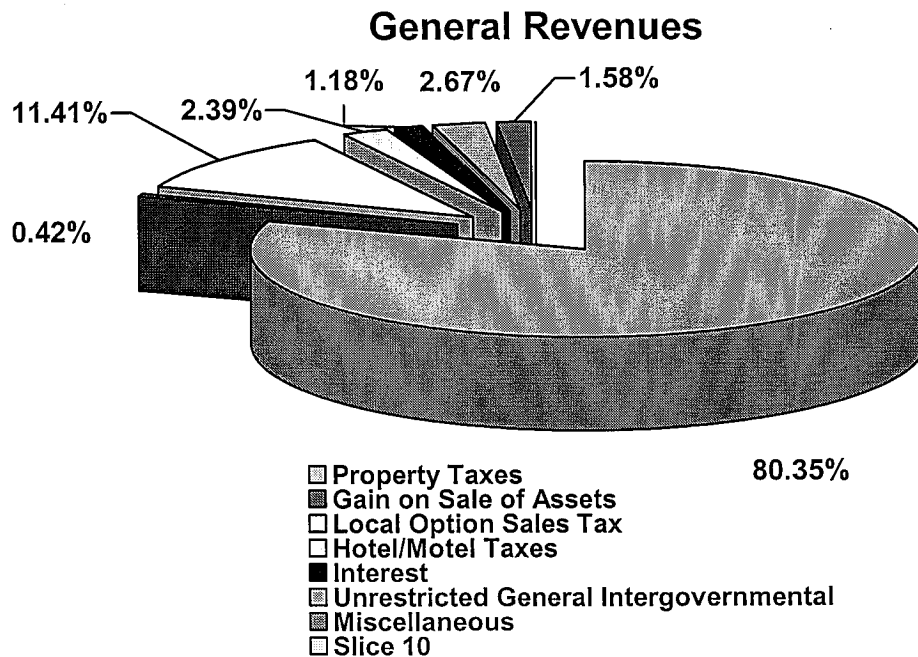
Capital grants in the previous year were higher due to the acceptance of public improvements related to the Walmart/29th Avenue project. Infrastructure costs contributed to the City totaled almost \$400,000. Operating grants increased in fiscal 2009 due to the receipt of federal disaster grants relating to the 2008 flood. Property tax revenue was up in fiscal 2009 due primarily to increased TIF tax receipts in the City's TIF district. Interest income was down significantly due to the decreased interest rates as a result of the downturn in the economy. The following chart breaks down program revenues by source:

Program Revenues



- Charges for Service
- Operating Grants and Contributions
- Capital Grants and Contributions

General Revenues for fiscal year 2009 totaled \$7,142,294. Governmental Activities provided \$7,134,265 and Business-Type Activities provided \$8,029. Property Tax Revenues for fiscal year 2009 totaled \$5,738,820, accounting for 80% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2009 totaled \$13,431,275. Expenses for General Governmental Activities totaled \$10,083,203 accounting for 75% of the total expenses. Business-Type Activity expenses totaled \$3,348,072, for 25% of the total.

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Public Safety	\$ 1,842,773	\$ 1,826,343	\$ -	\$ -	\$ 1,842,773	\$ 1,826,343
Public Works	3,525,685	3,051,121	-	-	3,525,685	3,051,121
Health & Social Services	752,457	371,172	-	-	752,457	371,172
Culture and Recreation	2,266,639	2,391,710	-	-	2,266,639	2,391,710
Community and Economic Development	439,362	453,463	-	-	439,362	453,463
General Government	722,714	657,669	-	-	722,714	657,669
Debt Service	533,573	581,318	-	-	533,573	581,318
Water System	-	-	1,015,570	1,004,759	1,015,570	1,004,759
Sewer System	-	-	1,371,630	1,459,406	1,371,630	1,459,406
Solid Waste	-	-	960,872	917,857	960,872	917,857
Total Expenses	<u>\$ 10,083,203</u>	<u>\$ 9,332,796</u>	<u>\$ 3,348,072</u>	<u>\$ 3,382,002</u>	<u>\$ 13,431,275</u>	<u>\$ 12,714,818</u>

Public Works expenses were up in fiscal 2009 due to costs incurred related to the flood cleanup. Health and Social Services expenses were up due to the \$600,000 payment made to Wartburg College per the revenue contingency clause in the agreement for the Wartburg-Waverly Wellness Center. In order to induce the College to offer recreation programs, the City agreed that it will annually pay to the College the difference between the actual total revenues that the projected total estimated revenues beginning with the College's fiscal year ending May 31, 2009.

The following table shows the activities included within each program level:

Public Safety.....	Individual & Community Protection, Physical Health
Public Works.....	Roadway Construction, Airport Operations, General Streets, Transportation Services
Culture and Recreation.....	Education & Culture, Leisure Time Opportunities
Community and Economic Development.....	Economic Development & Community Beautification
General government.....	Administration, Accounting, Support Services
Debt Service.....	Payment of Interest
Capital Projects.....	Construction of Capital Facilities
Water System.....	Operation of Water Supply Distribution System
Sewer System.....	Operation of Waste Water Treatment Plant/Collection System
Solid Waste System.....	Operation of Garbage and Recycling Collection and Disposal System

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$1,842,773 and received \$63,416 in revenue, leaving a cost to the taxpayer of \$1,779,357 to be funded by various methods including property taxes. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety.....	Fines, Fees
Public Works.....	Road Use Tax, State Agreements
Culture and Recreation.....	Fees, State Aid
General government.....	Licenses, Permits, Utility Reimbursement
Capital Projects.....	Donations, State & Federal Grants

The total cost of governmental activities this year was \$10,083,203. Of these costs, \$1,010,440 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$3,010,760, leaving a Net Expense of \$6,062,003 for Governmental Activities. These expenses were covered with tax revenues, interest, and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2009	2008
Governmental Activities:		
Public Safety	\$ (1,779,357)	\$ (1,740,703)
Public Works	(942,630)	(687,357)
Health & Social Services	(752,457)	(154,685)
Culture and Recreation	(1,288,805)	(1,627,400)
Community and Economic Development	(263,254)	(188,152)
General Government	(501,927)	(369,051)
Debt Service	(533,573)	(581,318)
Total Net (Expense) Revenue		
Governmental Activities	(6,062,003)	(5,348,666)
General Revenues	7,057,776	6,953,397
Change in Net Assets before Transfers	995,773	1,604,731
Transfers	76,489	134,503
Change in Net Assets	\$ 1,072,262	\$ 1,739,234

Total resources available during the year to finance governmental operations were \$38,378,527, consisting of Net Assets at July 1, 2008 of \$27,223,062, Program Revenues of \$4,021,200, and

General Revenues of \$7,134,265. Total Governmental Activities during the year expended \$10,083,203; thus, Net Assets were increased by \$1,072,262, to \$28,295,324.

Business-Type Activities

Business-Type Activities increased the City's net assets by \$16,827, accounting for 1.5% of the growth in the City's net assets.

The cost of all Proprietary Activities this year was \$3,348,072. As shown in the Statement of Activities, the amount paid by users of the systems was \$3,356,870 resulting in total Net Revenue for Business-Type Activities of \$8,798. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2009	2008
Water System	\$14,517	\$156,446
Sewer System	25,825	30,881
Solid Waste System	(31,544)	(4,670)
Total Net (Expense) Revenue		
Business-Type Activities	8,798	182,657
General Revenues & Interfund Transfers	8,029	(1,613)
Change in Net Assets	\$16,827	\$181,044

Total resources available during the year to finance proprietary Fund activities were \$16,177,045, consisting of Net Assets at July 1, 2008 of \$12,812,146; program Revenues of \$3,356,870, General Revenues of \$8,029, Total Proprietary Fund Activities during the year expended \$3,348,072; thus Net Assets were increased by \$16,827, to \$12,828,973.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$4,215,404. The combined Governmental Funds balance decreased \$1,838,255, as a result of the completion of the various capital projects, including the golf course project included in the general fund and flood cleanup costs relating to the 2008 flood.

The General Fund is the primary operating fund of the City. During the year, expenditures and other financing sources exceeded revenue and other financing uses in the General Fund by \$1,108,670. The fund balance of \$1,847,172 is 27% of expenditures, which is above the goal of 25%. The General Fund net assets decreased \$1,108,670, which was caused by the reduction of transfers in from the previous year to pay for major equipment purchased in the general fund. The

Tax Increment Financing, Employee Benefit, and Debt Service Funds saw very minimal changes during the year maintaining a fund balance consistent with recent years. The 2008 Flood Capital Project Fund is used to account for the flood clean-up costs and the related federal and state grant revenue received.

Budgetary Highlights

The following table shows the general budget variances by program structure:

Expenditures	Amended Budget	Actual	Variance
Public Safety	\$ 1,858,022	\$ 1,857,034	\$ 988
Public Works	1,409,415	1,428,415	(19,000)
Health & Social Services	150,650	152,457	(1,807)
Culture and Recreation	2,118,597	2,107,262	11,335
Community and Economic Development	422,155	380,395	41,760
General Government	745,303	703,461	41,842
Debt Service	5,479,580	4,318,773	1,160,807
Capital Projects	2,371,064	2,070,552	300,512
Business Type/Enterprise	<u>3,280,136</u>	<u>4,483,559</u>	<u>(1,203,423)</u>
Total Expenditures	\$ 17,834,922	\$ 17,501,908	\$333,014

Below is a brief recap of budget activity for the year:

- The total original revenue budget of \$13,718,483 was increased to \$15,673,227 (an increase of \$1,954,744). This increase was based on additional FEMA funds for flood recovery, risk insurance refund, and additional LOSST and hotel-motel tax revenue.
- The City received over \$1.7M from Federal and State emergency funds to help the City recover from the 2008 flood.
- Charges for Services were well below the budget projection due to the Waverly flood disaster of 2008. The golf course revenue, park fees, and building fees, were all affected. In addition water and sewer rates were reduced for three months.
- The total original expenditure budget of \$15,522,793 was increased to \$17,834,922 (an increase of \$2,312,129).
- The above amendments to budgets were mainly related to the timing of capital projects and purchases, the sale and refunding of non-budgeted bonds, and the devastating flood of 2008. Total actual expenditures came in below budget projections by \$333,014. This change was again related to the extended completion dates of projects caused by the flooding in June 2008. The City did very well this year controlling expenses based on original budget projections. Finally, the Business Type/Enterprise function exceeded budget projections by \$1,203,423, due to the fact that Enterprise capital projects were not included in the budget amendment.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2009 was

\$35,248,235 (net of accumulated depreciation and outstanding financings). This is an increase of \$3,376,467 from fiscal 2008. The gross additions to capital assets for Fiscal 2009 and 2008 are as follows:

	General Governmental Activities		Business Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ -	\$ 790,750	\$ -	\$ -	\$ -	\$ 790,750
Construction in Progress	2,020,961	884,808	1,053,781	357,037	3,074,742	1,241,845
Buildings and Improvements	98,528	3,610,371	19,738	31,977	118,266	3,642,348
Equipment	480,775	1,164,463	251,378	524,645	732,153	1,689,108
Infrastructure	2,072,438	679,043	702,398	138,522	2,774,836	817,565
	\$ 4,672,702	\$ 7,129,435	\$2,027,295	\$1,052,181	\$ 6,699,997	\$ 8,181,616

Additional information on the City of Waverly's capital assets can be found in Note 6 of the financial statements.

Debt Administration

On June 30, 2009 the City had \$14,457,156 of debt outstanding. This is a decrease of \$2,001,002 from the prior year and shows Waverly's commitment to pay down and control overall debt.

Debt administration is an important aspect of the City's financial obligation to its citizens. Any new debt is amortized over no more than twelve years. At the end of the fiscal year the City's schedule showed that 62% of the existing general obligation debt would be paid off in five years. This rapid repayment, when combined with the use of TIF and Local Option Sales Tax Revenue, has allowed the City to maintain an A1 rating from Moody's.

The City continues to operate well under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity to \$29,165,611 at the end of the 2009 fiscal year. With outstanding General Obligation Debt applicable to this limit of \$13,120,339 the City is at 44.9% of the maximum debt capacity. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

The City of Waverly continues to report strong residential and commercial building projects. In FY 2009 the City had 25 new single family house permits which is ahead of last year. New commercial building permits have averaged between seven and eight a year over the past five years. Property tax is a major source of revenue and Waverly is fortunate that it has seen minor, but consistent increases in assessed and taxable valuation.

This steady growth has allowed the City to maintain its high level of service. The City has budgeted for use of General Fund balance for two years, but has projected a balanced budget for the next two years. The General Fund balance continues to remain solid at 28% of expenditures, which again is above the percentage set by city council of 25%.

Requests for Information

This financial report is designed to provide a general overview of the City of Waverly's financial position for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Waverly, Accounting Department, 200 First Street NE, P.O. Box 616, Waverly, Iowa 50677.

CITY OF WAVERLY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Unit	
	Governmental	Business-Type	Total	Waverly	Waverly Light
	Activities	Activities		Health Center	and Power
ASSETS					
Cash and Cash Equivalents	\$ 3,833,660	\$ 425,900	\$ 4,259,560	\$ 3,155,911	\$ 7,038,667
Investments	743,763	611,454	1,355,217	252,953	1,028,988
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	60,771	148,495	209,266	7,736,336	1,172,651
Taxes	16,976	-	16,976	-	-
Subsequent Year Taxes	5,868,745	-	5,868,745	-	-
Accrued Interest	838	955	1,793	5,970	-
Other	60,167	-	60,167	1,164,063	-
Estimated Unbilled Usage	-	110,655	110,655	-	-
Special Assessments	48,575	106,469	155,044	-	-
Internal Balances	685,747	(685,747)	-	-	-
Due from Other Governmental Agencies	402,597	-	402,597	-	-
Inventories	64,791	99,967	164,758	1,318,733	1,061,437
Prepaid Assets	138,692	103,192	241,884	186,300	97,802
Other	-	-	-	-	3,562,500
Restricted Assets:					
Cash and Cash Equivalents	-	397,500	397,500	211,978	-
Investments	-	148,217	148,217	1,716,656	2,931,364
Bond Issue Costs	189,921	50,262	240,183	335,621	51,168
Investment in Joint Venture	42,974	-	42,974	-	-
Land	2,624,383	19,191	2,643,574	2,131,302	487,396
Construction in Progress	1,456,431	708,420	2,164,851	-	2,051,712
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	31,356,994	13,434,996	44,791,990	24,096,006	29,267,852
Total Assets	47,596,025	15,679,926	63,275,951	42,311,829	48,751,537
LIABILITIES					
Accounts Payable	952,595	104,781	1,057,376	1,699,023	2,216,247
Accrued Wages	215,216	36,513	251,729	1,613,664	1,075,503
Other Accrued Expenses	-	-	-	461,025	153,364
Customer Deposits	-	26,598	26,598	-	-
Claims Incurred But Not Reported	22,822	-	22,822	-	-
Deferred Revenue - Subsequent Year Taxes	5,868,745	-	5,868,745	-	-
Unearned Revenue	148,326	26,742	175,068	-	-
Accrued Interest Payable	51,347	3,402	54,749	54,359	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	4,011	4,011	-	16,164
Revenue Bonds - Current	-	305,000	305,000	1,060,000	903,421
Noncurrent Liabilities:					
Due within one year:					
General Obligation Bonds	1,537,381	267,619	1,805,000	-	-
Notes Payable	32,559	-	32,559	966,108	145,000
Compensated Absences and Benefits	160,649	37,140	197,789	-	-
Due in more than one year:					
Revenue Bonds Payable	-	918,214	918,214	12,165,000	6,170,301
General Obligation Bonds	10,045,637	1,096,173	11,141,810	-	-
Notes Payable	149,597	-	149,597	1,830,048	1,560,000
OPEB Liability	8,727	-	8,727	-	-
Compensated Absences and Benefits	107,100	24,760	131,860	-	-
Total Liabilities	19,300,701	2,850,953	22,151,654	19,849,227	12,240,000
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	23,672,634	11,575,601	35,248,235	10,206,152	26,666,904
Restricted for:					
Debt Service	40,470	541,706	582,176	1,928,634	784,190
Specific Revenues	1,550,168	-	1,550,168	-	-
Endowments:					
Nonexpendable	466,001	-	466,001	-	-
Unrestricted	2,566,051	711,666	3,277,717	10,327,816	9,060,443
Total Net Assets	\$ 28,295,324	\$ 12,828,973	\$ 41,124,297	\$ 22,462,602	\$ 36,511,537

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,842,773	\$ 40,546	\$ 22,870	\$ -
Public Works	3,525,685	106,013	2,171,548	305,494
Health and Social Services	752,457	-	-	-
Culture and Recreation	2,266,639	615,094	220,058	142,682
Community and Economic Development	439,362	28,000	148,108	-
General Government	722,714	220,787	-	-
Debt Service	533,573	-	-	-
Total governmental activities	10,083,203	1,010,440	2,562,584	448,176
Business-Type Activities:				
Water System	1,015,570	1,030,087	-	-
Sewer System	1,371,630	1,397,455	-	-
Solid Waste System	960,872	929,328	-	-
Total Business-Type Activities:	3,348,072	3,356,870	-	-
Total Primary Government	\$ 13,431,275	\$ 4,367,310	\$ 2,562,584	\$ 448,176
Component Unit:				
Waverly Health Center	\$ 39,603,859	\$ 40,318,604	\$ 80,947	\$ -
Waverly Light and Power	\$ 10,089,880	\$ 12,005,301	\$ 199,225	\$ -

General Revenues:

- Property Taxes
- Local Option Sales Tax
- Hotel/Motel Taxes
- Interest
- Unrestricted General Intergovernmental Revenues
- Gain on Sale of Assets
- Miscellaneous

Interfund Transfers

- Total general revenues and transfers
- Change in net assets
- Net assets - beginning
- Net assets - ending

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Light and Power
\$ (1,779,357)		\$ (1,779,357)		
(942,630)		(942,630)		
(752,457)		(752,457)		
(1,288,805)		(1,288,805)		
(263,254)		(263,254)		
(501,927)		(501,927)		
(533,573)		(533,573)		
<u>(6,062,003)</u>		<u>(6,062,003)</u>		
	\$ 14,517	14,517		
	25,825	25,825		
	<u>(31,544)</u>	<u>(31,544)</u>		
	<u>8,798</u>	<u>8,798</u>		
<u>(6,062,003)</u>	<u>8,798</u>	<u>(6,053,205)</u>		
			\$ 795,692	
				\$ 2,114,646
5,738,820	-	5,738,820	-	-
815,438	-	815,438	-	-
170,557	-	170,557	-	-
57,397	26,338	83,735	159,356	298,994
190,500	-	190,500	-	-
30,326	-	30,326	-	-
54,738	58,180	112,918	-	39,533
76,489	(76,489)	-	-	-
<u>7,134,265</u>	<u>8,029</u>	<u>7,142,294</u>	<u>159,356</u>	<u>338,527</u>
1,072,262	16,827	1,089,089	955,048	2,453,173
27,223,062	12,812,146	40,035,208	21,507,554	34,058,364
<u>\$ 28,295,324</u>	<u>\$ 12,828,973</u>	<u>\$ 41,124,297</u>	<u>\$ 22,462,602</u>	<u>\$ 36,511,537</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2009

		Special Revenue	
		Tax	
	General	Increment Financing	Employee Benefit
Assets			
Cash and Cash Equivalents	\$ 448,354	\$ 693,628	\$ 77,653
Investments	743,763	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	48,547	-	-
Taxes	9,283	-	3,886
Subsequent Year Taxes	2,485,157	1,387,232	960,359
Accrued Interest	355	-	-
Other	60,167	-	-
Special Assessments	1,583	-	-
Due from Other Funds	1,300,643	-	-
Due from Other Governmental Agencies	37,632	-	-
Inventories	64,791	-	-
Total Assets	<u>5,200,275</u>	<u>2,080,860</u>	<u>1,041,898</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	679,453	-	771
Accrued Wages and Compensated Absences	187,418	-	-
Due to Other Funds	-	-	-
Deferred Revenue - Subsequent Year Taxes	2,485,157	1,387,232	960,359
Deferred Revenue	1,075	-	-
Total Liabilities	<u>3,353,103</u>	<u>1,387,232</u>	<u>961,130</u>
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Perpetual Care	-	-	-
Inventories	64,791	-	-
Unreserved:			
General Fund	1,782,381	-	-
Special Revenue Funds	-	693,628	80,768
Capital Project Funds	-	-	-
Total Fund Balances	<u>1,847,172</u>	<u>693,628</u>	<u>80,768</u>
Total Liabilities and Equity	<u>\$ 5,200,275</u>	<u>\$ 2,080,860</u>	<u>\$ 1,041,898</u>

See Accompanying Notes to Financial Statements

Debt Service	Capital Project 2008 Flood	Other Governmental Funds	Total Governmental Funds
\$ 95,232	\$ 247,821	\$ 1,923,020	\$ 3,485,708
-	-	-	743,763
-	-	12,224	60,771
2,899	-	908	16,976
844,906	-	191,091	5,868,745
-	-	483	838
-	-	-	60,167
46,992	-	-	48,575
-	-	-	1,300,643
-	161,678	203,287	402,597
-	-	-	64,791
990,029	409,499	2,331,013	12,053,574

-	24,998	245,329	950,551
-	-	27,798	215,216
12,870	-	602,026	614,896
844,906	-	191,091	5,868,745
40,436	147,251	-	188,762
898,212	172,249	1,066,244	7,838,170

91,817	-	-	91,817
-	-	466,001	466,001
-	-	-	64,791
-	-	-	1,782,381
-	-	721,079	1,495,475
-	237,250	77,689	314,939
91,817	237,250	1,264,769	4,215,404
\$ 990,029	\$ 409,499	\$ 2,331,013	\$ 12,053,574

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 27)		\$ 4,215,404
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		35,437,808
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		42,974
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets.		314,359
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		40,436
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		138,692
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(51,347)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources		189,921
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(11,583,018)	
Notes Payable	(182,156)	
Compensated Absences	(267,749)	(12,032,923)
		<hr/>
Total Net Assets - Governmental Activities (page 23)		<u><u>\$ 28,295,324</u></u>

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2009

		Special Revenue	
		Tax	
	General	Increment Financing	Employee Benefit
Revenue:			
Taxes	\$ 2,605,098	\$ 1,231,434	\$ 1,021,261
Special Assessments	1,583	-	-
Licenses and Permits	47,292	-	-
Intergovernmental Revenue	704,760	-	-
Charges for Services	753,881	-	-
Fines and Forfeits	55,617	-	-
Contributions	49,679	-	-
Revenue from Use of Property	84,018	-	-
Interest on Investments	14,328	12,430	-
Miscellaneous	49,226	-	-
Total Revenue	4,365,482	1,243,864	1,021,261
Expenditures:			
Public Safety	1,698,324	-	142,437
Public Works	531,875	-	-
Health and Social Services	752,457	-	-
Culture and Recreation	2,040,207	-	15,767
Community and Economic Development	202,760	162,811	-
General Government	708,822	-	-
Capital Projects	657,857	-	-
Debt Service	-	-	-
Total Expenditures	6,592,302	162,811	158,204
Excess (deficiency) of revenues over expenditures	(2,226,820)	1,081,053	863,057
Other financing sources (uses):			
Issuance of Debt	-	-	-
Payment on Refunded Bonds	-	-	-
Proceeds from Sale of Capital Assets	5,355	-	-
Transfers In	1,180,116	-	-
Transfers Out	(67,321)	(984,154)	(845,381)
Total other financing sources (uses)	1,118,150	(984,154)	(845,381)
Net Change in Fund Balance	(1,108,670)	96,899	17,676
Fund balances - beginning of year	2,955,842	596,729	63,092
Fund balances - end of year	\$ 1,847,172	\$ 693,628	\$ 80,768

See Accompanying Notes to Financial Statements

Debt Service	Capital Project 2008 Flood	Other Governmental Funds	Total Governmental Funds
\$ 864,173	\$ -	\$ 1,002,849	\$ 6,724,815
6,524	-	-	8,107
-	-	23,640	70,932
-	1,162,123	1,266,457	3,133,340
-	-	-	753,881
-	-	-	55,617
-	-	12,466	62,145
-	-	45,992	130,010
445	-	26,272	53,475
-	-	5,512	54,738
871,142	1,162,123	2,383,188	11,047,060
-	-	24,547	1,865,308
-	-	866,718	1,398,593
-	-	-	752,457
-	-	56,633	2,112,607
-	-	13,813	379,384
-	-	-	708,822
-	924,873	2,255,188	3,837,918
2,070,552	-	-	2,070,552
2,070,552	924,873	3,216,899	13,125,641
(1,199,410)	237,250	(833,711)	(2,078,581)
4,360,000	-	-	4,360,000
(4,295,000)	-	-	(4,295,000)
-	-	24,971	30,326
1,193,601	-	1,010,261	3,383,978
-	-	(1,342,122)	(3,238,978)
1,258,601	-	(306,890)	240,326
59,191	237,250	(1,140,601)	(1,838,255)
32,626	-	2,405,370	6,053,659
\$ 91,817	\$ 237,250	\$ 1,264,769	\$ 4,215,404

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 30)	\$(1,838,255)
--	---------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 3,139,000	
Depreciation expense	<u>(1,785,515)</u>	1,353,485

Gain on investment in joint venture not recorded at the fund level.	3,294
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The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources.	5,269
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Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied.	(2,332)
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Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	(4,605)
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Governmental funds do not reflect the change in accrued compensated absences as it does not consume current financial resources. The Statement of Activities reflects the change in accrued compensated absences through expenditures.	(9,467)
--	---------

Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities.	88,289
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount by which payments exceeded proceeds in the current year is as follows:

Repayments of long-term debt	5,808,252	
Proceeds from issuance of long-term debt	<u>(4,360,000)</u>	1,448,252

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	28,332
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Change in net assets of governmental activities (page 25)	<u><u>\$ 1,072,262</u></u>
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CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF NET ASSETS
Proprietary Funds
JUNE 30, 2009

JUNE 30, 2019

	Business Type Activities				Governmental
	Water System	Sewer System	Solid Waste	Total	Activities Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 10,400	\$ 415,500	\$ -	\$ 425,900	\$ 347,952
Investments	611,454	-	-	611,454	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	55,221	64,199	29,075	148,495	-
Accrued Interest	158	797	-	955	-
Estimated Unbilled Usage	44,435	66,220	-	110,655	-
Special Assessments	11,540	94,929	-	106,469	-
Due from Other Funds	540	192,870	-	193,410	-
Inventories	56,940	43,027	-	99,967	-
Prepaid Assets	51,147	19,526	32,519	103,192	-
Restricted Assets:					
Cash and Cash Equivalents	-	397,500	-	397,500	-
Investments	148,217	-	-	148,217	-
Bond Issue Costs	23,435	26,827	-	50,262	-
Total Current Assets	<u>1,013,487</u>	<u>1,321,395</u>	<u>61,594</u>	<u>2,396,476</u>	<u>347,952</u>
Noncurrent Assets:					
Land	-	19,191	-	19,191	-
Construction in Progress	-	708,420	-	708,420	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>4,858,972</u>	<u>7,895,860</u>	<u>680,164</u>	<u>13,434,996</u>	<u>-</u>
Total Noncurrent Assets	<u>4,858,972</u>	<u>8,623,471</u>	<u>680,164</u>	<u>14,162,607</u>	<u>-</u>
Total Assets	<u>5,872,459</u>	<u>9,944,866</u>	<u>741,758</u>	<u>16,559,083</u>	<u>347,952</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	8,849	79,121	16,811	104,781	2,044
Accrued Wages	6,126	14,499	15,888	36,513	-
Compensated Absences and Benefits	7,154	14,673	15,313	37,140	-
Customer Deposits	26,598	-	-	26,598	-
Due to Other Funds	359,095	505,337	14,725	879,157	-
Unearned Revenue	-	-	26,742	26,742	-
Accrued Interest Payable	3,289	113	-	3,402	-
Claims Incurred But Not Reported	-	-	-	-	22,822
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	550	3,461	-	4,011	-
Revenue Bonds - Current	50,000	255,000	-	305,000	-
General Obligation Bonds	222,619	45,000	-	267,619	-
Total Current Liabilities	<u>684,280</u>	<u>917,204</u>	<u>89,479</u>	<u>1,690,963</u>	<u>24,866</u>
Noncurrent Liabilities:					
Due in more than one year:					
Revenue Bonds Payable	100,000	818,214	-	918,214	-
General Obligation Bonds	1,096,173	-	-	1,096,173	-
OPEB Liability	-	-	-	-	8,727
Compensated Absences and Benefits	4,769	9,782	10,209	24,760	-
Total Noncurrent Liabilities	<u>1,200,942</u>	<u>827,996</u>	<u>10,209</u>	<u>2,039,147</u>	<u>8,727</u>
Total Liabilities	<u>1,885,222</u>	<u>1,745,200</u>	<u>99,688</u>	<u>3,730,110</u>	<u>33,593</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	3,390,180	7,505,257	680,164	11,575,601	-
Restricted for:					
Debt Service	147,667	394,039	-	541,706	-
Unrestricted	449,390	300,370	(38,094)	711,666	314,359
Total Net Assets	<u>\$3,987,237</u>	<u>\$8,199,666</u>	<u>\$642,070</u>	<u>\$12,828,973</u>	<u>\$ 314,359</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Proprietary Funds

For the Year Ended June 30, 2009

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,027,286	\$ 1,359,357
Miscellaneous	2,801	38,098
Reimbursement from Employees/Insurance	-	-
Total Operating Revenues	<u>1,030,087</u>	<u>1,397,455</u>
Operating Expenses:		
General Government	-	-
Employee Services	274,740	387,685
Contract Services	236,657	222,377
Supplies	69,837	46,865
Repairs and Maintenance	27,404	62,119
Utilities	85,905	146,572
Miscellaneous	4,084	3,521
Depreciation	254,898	437,892
Amortization	5,524	10,771
Total Operating Expenses	<u>959,049</u>	<u>1,317,802</u>
Operating Income (Loss)	71,038	79,653
Non-Operating Income (Expense):		
Interest Income	8,266	13,782
Revenue from Use of Property	58,180	-
Interest Expense	(56,521)	(53,828)
Total Non-Operating Income (Expenses)	<u>9,925</u>	<u>(40,046)</u>
Income (Loss) before Contributions and Transfers	80,963	39,607
Contributed Capital Revenue	-	47,805
Transfers (Out)	(70,500)	(14,500)
Change in Net Assets	10,463	72,912
Net Assets - Beginning	<u>3,976,774</u>	<u>8,126,754</u>
Net Assets - Ending	<u>\$ 3,987,237</u>	<u>\$ 8,199,666</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 894,756	\$ 3,281,399	\$ 266,570
34,572	75,471	-
-	-	9,316
<u>929,328</u>	<u>3,356,870</u>	<u>275,886</u>
-	-	191,519
451,881	1,114,306	-
284,774	743,808	-
86,415	203,117	-
46,154	135,677	-
357	232,834	-
1,340	8,945	-
89,951	782,741	-
-	16,295	-
<u>960,872</u>	<u>3,237,723</u>	<u>191,519</u>
(31,544)	119,147	84,367
4,290	26,338	3,922
-	58,180	-
-	(110,349)	-
<u>4,290</u>	<u>(25,831)</u>	<u>3,922</u>
(27,254)	93,316	88,289
20,706	68,511	-
<u>(60,000)</u>	<u>(145,000)</u>	<u>-</u>
(66,548)	16,827	88,289
<u>708,618</u>	<u>12,812,146</u>	<u>226,070</u>
<u>\$ 642,070</u>	<u>\$ 12,828,973</u>	<u>\$ 314,359</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2009

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,029,819	\$ 1,428,931
Cash Paid to Suppliers for Goods and Services	(471,780)	(499,163)
Cash Paid to Employees for Services	(274,589)	(382,055)
Other Nonoperating Income	58,180	-
Net Cash Provided by Operating Activities	<u>341,630</u>	<u>547,713</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(420,809)	(708,593)
Bond Issuance Costs	-	(6,846)
Principal Paid on Notes and Bonds	(257,750)	(295,000)
Interest Paid on Notes and Bonds	(57,457)	(54,716)
Net Cash (Used) for Capital and Related Financing Activities	<u>(736,016)</u>	<u>(1,065,155)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to Other Funds	(70,500)	(14,500)
Due From (To) Other Funds	(13,603)	312,664
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(84,103)</u>	<u>298,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment	(9,430)	-
Interest and Dividends on Investments	9,430	14,589
Net Cash Provided for Investing Activities	<u>-</u>	<u>14,589</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(478,489)	(204,689)
Cash and Cash Equivalents at Beginning of Year	<u>488,889</u>	<u>1,017,689</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,400</u>	<u>\$ 813,000</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Solid</u>		<u>Activities</u>
<u>Waste</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 956,332	\$ 3,415,082	\$ 315,973
(447,509)	(1,418,452)	(179,319)
(447,045)	(1,103,689)	-
-	58,180	-
<u>61,778</u>	<u>951,121</u>	<u>136,654</u>
(160,246)	(1,289,648)	-
-	(6,846)	-
-	(552,750)	-
-	(112,173)	-
<u>(160,246)</u>	<u>(1,961,417)</u>	<u>-</u>
(60,000)	(145,000)	-
14,725	313,786	-
<u>(45,275)</u>	<u>168,786</u>	<u>-</u>
-	(9,430)	-
<u>4,290</u>	<u>28,309</u>	<u>3,922</u>
<u>4,290</u>	<u>18,879</u>	<u>3,922</u>
(139,453)	(822,631)	140,576
<u>139,453</u>	<u>1,646,031</u>	<u>207,376</u>
<u>\$ -</u>	<u>\$ 823,400</u>	<u>\$ 347,952</u>
		(Continued)

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2009

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 71,038	\$ 79,653
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	254,898	437,892
Amortization	5,524	10,771
Miscellaneous Non-Operating Income	58,180	-
(Increase) Decrease in Assets:		
Accounts Receivable	5,122	16,188
Special Assessments	10,312	33,794
Estimated Unbilled Usage	(14,024)	(18,506)
Prepaid Expenses	(33,778)	839
Inventories	(1,464)	(1,635)
Increase (Decrease) in Liabilities		
Accounts Payable	(12,651)	(16,913)
Accrued Wages	(1,019)	3,771
Accrued Compensated Absences	1,170	1,859
Unearned Revenue	-	-
Customer Deposits	(1,678)	-
OPEB Liability	-	-
Claims Incurred But Not Reported	-	-
Total Adjustments	270,592	468,060
Net Cash Provided by Operating Activities	\$ 341,630	\$ 547,713
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Exchange of Payables for Capital Assets	\$ -	\$ 69,683
Capital Contributions	\$ -	\$ 47,805
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Cash Equivalents	\$ 10,400	\$ 415,500
Restricted Cash and Cash Equivalents	-	397,500
	\$ 10,400	\$ 813,000

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Solid Waste	Total	Activities Internal Service
\$ (31,544)	\$ 119,147	\$ 84,367
89,951	782,741	-
-	16,295	-
-	58,180	-
262	21,572	-
-	44,106	-
-	(32,530)	-
(810)	(33,749)	40,087
-	(3,099)	-
(27,659)	(57,223)	2,013
(23)	2,729	-
4,859	7,888	-
26,742	26,742	-
-	(1,678)	-
-	-	8,727
-	-	1,460
93,322	831,974	52,287
\$ 61,778	\$ 951,121	\$ 136,654
\$ -	\$ 69,683	\$ -
\$ 20,706	\$ 68,511	\$ -
\$ -	\$ 425,900	\$ 347,952
-	397,500	-
\$ -	\$ 823,400	\$ 347,952

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Agency Funds
JUNE 30, 2009

ASSETS

Cash and Cash Equivalents	\$	151,612
Receivables:		
Accounts Receivable		<u>686,750</u>
Total Assets		<u>838,362</u>

LIABILITIES

Due to Other Governments		816,689
Other Payables		<u>21,673</u>
Total Liabilities		<u>838,362</u>

NET ASSETS

Unrestricted		<u>-</u>
Total Net Assets	\$	<u><u>-</u></u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waverly, Iowa, is a political subdivision of the State of Iowa located in Bremer County, and was incorporated in 1859, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government with an appointed administrator elected on a nonpartisan basis and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development, general government, capital projects and debt service. The City also has municipal water, sewer and solid waste utility systems which are governed by the City Council.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. REPORTING ENTITY

For financial reporting purposes, the City of Waverly, Iowa, has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. These financial statements present the City of Waverly, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issued separate financial statements as noted below, can be obtained from their respective administrative office.

Discretely Presented Component Units

Waverly Health Center - The City established a municipal hospital, Waverly Health Center, in accordance with paragraph 392.6 of the Code of Iowa. The City provided for the election of a Board of Trustees vested with authority to provide management controls, and the rules for the hospital's economic conduct, which in accordance with criteria set forth by the Governmental Accounting Standards Board, meets the definition of a component unit which should be discretely presented. The hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City. The Hospital is financially accountable to the City.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Light and Power – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Light and Power is financially accountable to the City. During the fiscal year ended June 30, 2009, Waverly Light and Power transferred \$935,152 to the City of Waverly which is accounted for in the City's financial statements as intergovernmental revenue in the applicable City funds. The utility operates on a calendar year. Therefore financial statements presented herein are reported for the year ended December 31, 2008.

Jointly Governed Organizations

The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards or Commissions: Bremer-Waverly Public Safety Board, Bremer County Emergency Management Commission, Bremer County Joint E911 Service Board, and the Tri-County Drug Task Force.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The City's general, special revenue, debt service, and capital projects funds are classified as governmental activities. The City's health insurance internal service fund is classified as a governmental activity.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) **General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Special Revenue Funds – The Employee Benefit Fund is used to account for the collection of a property tax levy to be used for employee benefit expenses. The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for public improvements; construction of public infrastructure as well as economic development opportunities; incentives; sites; land; rebates; and grant agreements.
- 3) Debt Service Fund – Debt Service Fund is used to account for property taxes received to be expended to retire principal and interest on General Obligation Bonds and other debt.
- 4) Capital Project Funds – The 2008 Flood Capital Project Fund is used to account for the costs relating to the cleanup and rebuilding after the 2008 flood and the related FEMA grant revenue.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Solid Waste Fund is used to account for the operation and maintenance of the City garbage disposal system.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis.

The City's internal service fund is presented in the proprietary fund financial statements.

Health Insurance – To account for the funding and maintenance of the City's self-funded health insurance provided to City employees. Since the principal users of this internal service are the City's governmental activities, the financial statements of the health insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's Agency Fund is used to account for collecting receipts on behalf of Waverly Light and Power.

D. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end with the exception of expenditure driven grants for which a one-year availability period is used.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the public works, health and social services, and business-type activities functions.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

The City and its component unit use the following methods in determining the reported amounts.

<u>City</u>	<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit		Cost
Iowa Public Agency Investment Trust		Fair Value Determined by Current Share Prices
<u>Component Unit</u>		
Certificates of Deposit		Cost
U.S. Treasury Notes, State & Local Government Series		Fair Value Determined Based on Quoted Market Price
Iowa Public Agency Investment Trust		Fair Value Determined By Current Share Prices
Debt Securities		
U.S. Government Securities		
Maturity of one year or less when purchased		Amortized Cost
Maturity of more than one year when purchased		Fair Value Based on Quoted Market Price

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Tax Receivable

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008. Any county collections on the 2008-2009 tax levy remitted to the City within 60 days subsequent to June 30, 2009, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2009, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

All inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds.

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	20 – 50 Years
Utility Plant	30 – 33 Years
Machinery & Equipment	5 - 20 Years
Infrastructure	20 – 100 Years

M. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

Reserves represent those portions of fund equity legally segregated for a specific future use.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

Q. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied as well as unspent grant proceeds.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2009, were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no differences in investments held during the year from those at June 30, 2009.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

At June 30, 2009 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

	Credit Risk	Fair Value	Maturity
Mutual Funds	N/A	\$ 89,911	N/A
IPAIT	Not Rated	\$1,376,401	N/A

The City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,376,401 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

	Credit Risk	Fair Value	Maturity
Component Unit: IPAIT	Not Rated	\$ 1,460,352	N/A

Interest Rate Risk: The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City.

Credit Risk: The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Note 3 - RECEIVABLES

Receivables at June 30, 2009 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$15,976 at June 30, 2009. The Waverly Health Center component unit had an allowance for uncollectibles of \$2,940,000 at June 30, 2009.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2009, amounts due from other governments were as follows:

Due from the Iowa Homeland Security for the Emergency Demolition Grant Funding	\$ 8,933
Due from the Iowa Homeland Security for Flood funding	131,363
Due from the Economic Development Administration for Economic Adjustment Assistance Grant	21,382
Due from the State of Iowa for local option sales taxes	142,577
Due from the State of Iowa for hotel and motel sales taxes	37,632
Due from the Iowa Department of Transportation for road use tax allocations	60,710
Total Due from Other Governments	<u>\$ 402,597</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2009, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>	
General	Proprietary – Sewer	\$ 504,797	*
General	Proprietary – Solid Waste	14,725	*
General	Nonmajor Governmental	602,026	*
General	Proprietary - Water	179,095	*
Proprietary – Sewer	Proprietary – Water	180,000	
Proprietary – Sewer	Debt Service	12,870	
Proprietary – Water	Proprietary – Sewer	540	
		<u>\$ 1,494,053</u>	

* These Internal balances represent amounts due from/due to other funds to cover deficit cash balances.

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,624,383	\$ -	\$ -	\$ 2,624,383
Construction in Progress	806,333	2,020,961	1,370,863	1,456,431
Total capital assets not being depreciated	<u>3,430,716</u>	<u>2,020,961</u>	<u>1,370,863</u>	<u>4,080,814</u>
Capital assets being depreciated:				
Buildings and Improvements	10,673,904	98,528	26,750	10,745,682
Equipment	5,323,636	480,775	578,676	5,225,735
Infrastructure	30,763,389	2,072,438	-	32,835,827
Total capital assets being depreciated	<u>46,760,929</u>	<u>2,651,741</u>	<u>605,426</u>	<u>48,807,244</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,154,262	246,638	26,750	2,374,150
Equipment	2,897,829	335,133	415,837	2,817,125
Infrastructure	11,055,231	1,203,744	-	12,258,975
Total Accumulated Depreciation	<u>16,107,322</u>	<u>1,785,515</u>	<u>442,587</u>	<u>17,450,250</u>
Total capital assets being depreciated, net	<u>30,653,607</u>	<u>866,226</u>	<u>162,839</u>	<u>31,356,994</u>
Governmental activities capital assets, net	<u>\$ 34,084,323</u>	<u>\$ 2,887,187</u>	<u>\$ 1,533,702</u>	<u>\$ 35,437,808</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 6 - CAPITAL ASSETS (CONTINUED)

Construction in progress at June 30, 2009, for the governmental activities consisted of costs associated with the 4th Street SW corridor improvements, traffic signal modification project, public services facility, Waverly Dam reconstruction project, and the Big 6 Plaza/Spillway flood repairs.

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 19,191	\$ -	\$ -	\$ 19,191
Construction in Progress	357,037	1,053,781	702,398	708,420
Total capital assets not being depreciated	376,228	1,053,781	702,398	727,611
Capital assets being depreciated:				
Buildings and Improvements	6,090,132	19,738	-	6,109,870
Equipment	1,878,987	251,378	20,319	2,110,046
Lines and Structures	16,174,659	702,398	-	16,877,057
Total capital assets being depreciated	24,143,778	973,514	20,319	25,096,973
Less: Accumulated Depreciation				
Buildings and Improvements	3,399,346	141,611	-	3,540,957
Equipment	826,408	144,212	18,288	952,332
Lines and Structures	6,671,770	496,918	-	7,168,688
Total Accumulated Depreciation	10,897,524	782,741	18,288	11,661,977
Total capital assets being depreciated, net	13,246,254	190,773	2,031	13,434,996
Business-type activities capital assets, net	\$ 13,622,482	\$ 1,244,554	\$ 704,429	\$ 14,162,607

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Public Safety	\$ 252,133
Public Works	1,306,151
Culture and Recreation	158,612
General Government	68,619
Total depreciation expense – governmental activities	<u>\$ 1,785,515</u>
Business-Type Activities:	
Water	\$ 254,898
Sewer	437,892
Solid Waste	89,951
Total depreciation expense – business-type activities	<u>\$ 782,741</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 6 - CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the discretely presented component units is as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Waverly Health Center:				
Capital assets not being depreciated:				
Land	\$ 2,114,243	\$ 17,059	\$ -	\$ 2,131,302
Total capital assets not being depreciated	2,114,243	17,059	-	2,131,302
Capital assets being depreciated:				
Land Improvements	2,165,128	-	-	2,165,128
Buildings and Fixed Equipment	23,787,355	105,926	390,000	23,503,281
Major Movable Equipment	14,463,717	747,391	26,473	15,184,635
Total capital assets being depreciated	40,416,200	853,317	416,473	40,853,044
Less: Accumulated Depreciation	14,316,701	2,564,309	123,972	16,757,038
Total capital assets being depreciated, net	26,099,499	(1,710,992)	292,501	24,096,006
Component unit capital assets, net	\$ 28,213,742	\$ (1,693,933)	\$ 292,501	\$ 26,227,308
	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Waverly Light and Power:				
Capital assets not being depreciated:				
Land	\$ 487,396	\$ -	\$ -	\$ 487,396
Construction in Progress	946,367	2,640,529	1,535,184	2,051,712
Total capital assets not being depreciated	1,433,763	2,640,529	1,535,184	2,539,108
Capital assets being depreciated:				
Improvements	26,973,076	831,026	-	27,804,102
Buildings	3,558,998	-	-	3,558,998
Equipment	5,079,762	641,723	46,694	5,674,791
Louisa Plant	9,896,002	443,972	63,044	10,276,930
WS4 Plant	5,117,030	-	-	5,117,030
Total capital assets being depreciated	50,624,868	1,916,721	109,738	52,431,851
Less: Accumulated Depreciation	21,533,830	1,695,953	65,784	23,163,999
Total capital assets being depreciated, net	29,091,038	220,768	43,954	29,267,852
Component unit capital assets, net	\$ 30,524,801	\$ 2,861,297	\$ 1,579,138	\$ 31,806,960

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 6 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-type Activities	Component Units	
			Waverly Health Center	Waverly Light & Power
Land	\$ 2,624,383	\$ 19,191	\$ 2,131,302	\$ 487,396
Construction in Progress	1,456,431	708,420	-	2,051,712
Capital Assets (net of accumulated depreciation)	31,356,994	13,434,996	24,096,006	29,267,852
Less: General Obligation Bonds Payable	11,583,018	1,363,792	-	-
Notes Payable	182,156	-	2,796,156	-
Revenue Bonds	-	1,223,214	13,225,000	5,140,056
Invested in Capital Assets, Net of Related Debt	\$ 23,672,634	\$ 11,575,601	\$10,206,152	\$ 26,666,904

Note 7 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2009, is \$29,165,611 of which \$13,120,339 is committed for outstanding general obligation debt.

The following is a summary of bond transactions of the City for the year ended June 30, 2009:

	Governmental Activities	Business Type Activities		Total
	General Obligation Bonds and Notes Paid By Debt Service Fund	Bonds Paid By Enterprise Funds	Revenue Bonds	
<i>Primary Government:</i>				
Bonds payable July 1, 2008	\$ 13,286,425	\$ 1,636,733	\$ 1,535,000	\$ 16,458,158
Plus: Issued	4,360,000	-	-	4,360,000
Less: Payments	1,513,252	262,750	290,000	2,066,002
Less: Refunded	4,295,000	-	-	4,295,000
Bonds Payable June 30, 2009	\$ 11,838,173	\$ 1,373,983	\$ 1,245,000	\$ 14,457,156
Due within one year	\$ 1,569,940	\$ 267,619	\$ 305,000	\$ 2,142,559

The City of Waverly's revenue bonds are shown net of the unamortized deferred refunding asset of \$21,786 on the Statement of Net Assets.

The City of Waverly's general obligation bonds are shown net of the unamortized deferred refunding asset of \$72,999 on the Statement of Net Assets.

The City of Waverly's general obligation bonds paid by enterprise funds are shown net of the unamortized deferred refunding asset of \$10,191 on the Statement of Net Assets.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	Waverly Health Center	Waverly Light And Power	Total Component Units
<i>Component Unit:</i>			
Bonds Payable/ Notes Payable- June 30, 2008/December 31, 2007	\$ 18,194,086	\$ 9,931,316	\$ 28,125,402
Plus: Issued	-	-	-
Less: Retired	2,172,930	1,143,422	3,316,352
Bonds Payable/ Notes Payable- June 30, 2009/December 31, 2008	\$ 16,021,156	\$ 8,787,894	\$ 24,809,050
Due within one year	\$ 2,026,108	\$ 1,048,421	\$ 3,074,529

On the Statement of Net Assets the Waverly Light and Power component unit revenue bonds are shown net of unamortized bond discount of \$9,172.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for the governmental-type activities and the business-type activities.

In April, 2009 the City issued \$4,360,000 of General Obligation Refunding Capital Loan Notes which were used to current refund \$195,000 of the General Obligation Bonds, Series 2000B, \$1,330,000 of the General Obligation Bonds, Series 2000C, \$550,000 of the General Obligation Bonds, Series 2001, and \$2,240,000 of the General Obligation Bonds, Series 2001A. The 2009 bonds have an average interest rate of 2.9% and the bonds being refunded had an average interest rate of 4.8%. As a result of this refunding the City will reduce its debt service payments over the next ten years by \$343,795, and obtain an economic gain of \$305,580.

General obligation bonds outstanding as of June 30, 2009 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2009
General Obligation:						
2001B GO Bonds	2001	4.1-4.85%	2017	65,000-90,000	\$ 1,000,000	\$ 625,000
2002 GO Bonds	2002	4.2-4.40%	2012	40,000-45,000	360,000	130,000
*2003 GO Refunding	2003	3.0%	2010	55,000	1,025,000	55,000
2005 GO Bonds	2005	3.15-3.9%	2017	105,000-140,000	1,290,000	975,000
*2005 GO Refunding	2005	2.9-3.25%	2013	65,000-535,000	2,680,000	1,615,000
*2006 GO LOSST Bonds	2006	3.65-4.10%	2019	275,000-395,000	4,040,000	3,300,000
*2008 GO Refunding	2008	2.5-3.65%	2018	150,000-320,000	2,270,000	1,970,000
2009 Go Refunding	2009	2.0-3.65%	2019	255,000-555,000	4,360,000	4,360,000
Total General Obligation					\$ 17,025,000	\$ 13,030,000

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired constructed asset to pay debt service.

The City issued no new revenue bonds during the fiscal year.

Revenue bonds outstanding as of June 30, 2009 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2009
Revenue Bonds:						
2002 – Sewer	2002	4.35-4.5%	2012	140,000-155,000	\$ 1,280,000	\$ 435,000
2008 – Sewer	2008	3.0-3.8%	2015	45,000-110,000	770,000	660,000
2002 – Water	2002	4.3-4.5%	2012	50,000	435,000	150,000
Total Revenue Bonds					<u>\$ 2,485,000</u>	<u>\$ 1,245,000</u>
2001 Golf Revenue Capital Loan Note	2001	5.1%	2015	15,000-28,000	\$ 300,000	\$ 150,873
Component Units:						
Waverly Health Center:						
1999 Hospital Capital Loan Notes	1999	5.0-5.8%	2015	150,000-180,000	\$ 2,150,000	\$ 1,135,000
2003 Hospital Capital Loan Notes	2003	2.5-5.5%	2018	545,000	9,800,000	6,930,000
2004 Hospital Capital Loan Notes	2004	2.0-4.9%	2019	195,000	6,200,000	5,160,000
					<u>\$ 18,150,000</u>	<u>\$ 13,225,000</u>
Waverly Light and Power:						
2002 Utility Rev. Bonds	2002	2.2-4.5%	2012	75,000-200,000	\$ 2,500,000	\$ 1,445,000
2005 Utility Rev. Bonds	2005	3.5-4.0%	2015	380,000-480,000	3,000,000	3,000,000
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	2,826,316	2,637,894
					<u>\$ 8,326,316</u>	<u>\$ 7,082,894</u>
Grand Total Revenue Bonds					<u>\$ 29,261,316</u>	<u>\$ 21,703,767</u>

All General Obligation Debt except those marked with (*) are to be retired through property tax levies. A portion of those (*) bonds, other than the LOSST bond, are paid with water and sewer revenues. The LOSST bond is to be retired through the tax receipts collected by the City from the local option and services tax. The revenue bonds are to be retired with water and sewer revenues.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	<u>General Obligation</u>		<u>Revenue Bond</u>		<u>Golf Revenue Capital Loan Note</u>	
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,805,000	\$ 437,177	\$ 305,000	\$ 48,165	\$ 22,587	\$ 7,413
2011	1,830,000	370,080	310,000	36,445	23,754	6,246
2012	1,795,000	317,003	325,000	24,245	24,968	5,032
2013	1,335,000	263,335	130,000	10,940	26,270	3,730
2014	1,245,000	222,643	130,000	6,390	27,627	2,373
2015-2019	5,020,000	503,188	45,000	1,710	25,667	945
	<u>\$ 13,030,000</u>	<u>\$ 2,113,426</u>	<u>\$ 1,245,000</u>	<u>\$ 127,865</u>	<u>\$ 150,873</u>	<u>\$ 25,739</u>

The bond principal and interest annual requirements for the component units are as follows:

Waverly Health Center

<u>Year Ending June 30,</u>	<u>Capital Loan Notes</u>	<u>Loan/Notes Payable</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,060,000	\$ 966,108	\$ 2,026,108	\$ 778,185	\$ 2,804,293
2011	1,110,000	809,681	1,919,681	683,131	2,602,812
2012	1,160,000	652,262	1,812,262	591,265	2,403,527
2013	1,215,000	368,105	1,583,105	506,776	2,089,881
2014	1,275,000	-	1,275,000	440,042	1,715,042
2015-2019	7,405,000	-	7,405,000	1,164,471	8,569,471
	<u>\$ 13,225,000</u>	<u>\$ 2,796,156</u>	<u>\$ 16,021,156</u>	<u>\$ 4,163,870</u>	<u>\$ 20,185,026</u>

Waverly Light and Power

<u>Year Ending December 31</u>	<u>Revenue Bond Principal</u>	<u>Notes Payable</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 903,421	\$ 145,000	\$ 1,048,421	\$ 193,963	\$ 1,242,384
2010	933,421	120,000	1,053,421	165,441	1,218,862
2011	968,421	120,000	1,088,421	135,028	1,223,449
2012	1,003,421	120,000	1,123,421	102,464	1,225,885
2013	633,421	120,000	753,421	67,658	821,079
2014-2018	1,887,105	600,000	2,487,105	102,698	2,589,803
2019-2022	753,684	480,000	1,233,684	13,189	1,246,873
	<u>\$ 7,082,894</u>	<u>\$ 1,705,000</u>	<u>\$ 8,787,984</u>	<u>\$ 780,441</u>	<u>\$ 9,568,335</u>

There are a number of limitations and restrictions contained in the various bond indentures creating certain reserve and sinking funds to insure repayment of revenue bonds. The reserve and sinking fund requirements are recorded as restricted assets on the combined balance sheet and meet the minimum requirements of the various bond ordinances.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of other long-term liabilities of the City for the year ended June 30, 2009.

	July 1, 2008	Additions	Reductions	June 30, 2009	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 258,282	\$ 164,436	\$ 154,969	\$ 267,749	\$ 160,649
Equipment Note	24,983	-	24,983	-	-
Equipment Note	40,821	-	9,538	31,283	9,972
	<u>\$ 324,086</u>	<u>\$ 164,436</u>	<u>\$ 189,490</u>	<u>\$ 299,032</u>	<u>\$ 170,621</u>
Business-Type Activities:					
Compensated Absences	\$ 54,012	\$ 40,295	\$ 32,407	\$ 61,900	\$ 37,140

Maturities of Equipment Notes Payable is as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 9,972	\$ 1,408
2011	10,421	959
2012	10,890	490
	<u>\$ 31,283</u>	<u>\$ 2,857</u>

Other long-term liabilities at June 30, 2009 was comprised of the following:

Included in general long-term debt:

A note payable to First National Bank dated October 9, 2006 and due October 9, 2011
for golf course improvements.

\$ 31,283

Note Payable

The City of Waverly issued a \$330,000 loan to the Hospital to assist in financing an addition to the Hospital and remodeling of certain existing areas. This loan directly resulted from the issuance of a Rural Economic Development loan to the City from the U.S. Department of Agriculture. The loan is interest free and is due in ten annual installments of \$33,000. At June 30, 2009, the remaining balance on this loan is \$33,000.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 8 – TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	Nonmajor Governmental	Business-Type Activities	Total Transfers Out
General	\$ -	\$ 30,000	\$ 37,321	\$ -	\$ 67,321
Employee Benefit	845,381	-	-	-	845,381
T.I.F.	-	530,585	453,569	-	984,154
Nonmajor					
Governmental	309,735	633,016	399,371	-	1,342,122
Water	10,500	-	60,000	-	70,500
Sewer	14,500	-	-	-	14,500
Solid Waste	-	-	60,000	-	60,000
Governmental Activities	-	-	-	68,511*	68,511
Total Transfers In	\$ 1,180,116	\$ 1,193,601	\$ 1,010,261	\$ 68,511	\$ 3,452,489

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

* Transfers were recorded to account for capital assets purchased by governmental funds and transferred to enterprise funds.

Note 9 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of annual covered salary. Law enforcement employees are covered by another plan. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$176,614, \$157,288, and \$137,146, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa – The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 9 - PENSION AND RETIREMENT (CONTINUED)

and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation. The employers' contribution rate is based upon and actuarially determined normal contribution rate. The normal contribution rate is provided by the State statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions.

Legislatively appropriated contributions from the State may further reduce the employers' contribution rate. However, under the Code of Iowa, the employers' contribution rate cannot be less than 18.75% of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2009, 2008 and 2007 were \$143,268, \$183,406, and \$188,751, respectively, equal to the required contributions for each year.

Note 10 - DEFICIT FUND EQUITY

The City has seven funds with deficit equity balances at June 30, 2009. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, capital project debt financing, grant revenues, and utility charges. The individual fund deficits were as follows:

Special Revenue – Downtown TIF	\$ 112,521
Capital Project – 5 th St NW/5 th Ave NW	7,942
Capital Project – Bremer Ave Traffic Signal.....	92,972
Capital Project – 1 st Avenue SE Parking Lot.....	4,584
Capital Project – 4 th Ave SW	8,686
Capital Project – Cent Oaks 111A & 111	118
Capital Project – Crestwood Trail	2,282
Capital Project – 3 rd Street NE Parking Lot.....	9,257
Capital Project – 9 th Ave NW Reconstruction.....	28,509
Capital Project – Public Works Facility.....	133,298
Capital Project – Oak Ridge Circle/Tech Place.....	114,907

Note 11 - RISK MANAGEMENT

Medical Insurance - The City uses a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$5,000 per covered employee per year and 125% of expected claims for year for the City as a whole per year.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 11 - RISK MANAGEMENT (CONTINUED)

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Service Fund.

Claims payable @ June 30, 2007	\$ 48,550
Claims paid	(163,302)
Claims incurred	136,114
Claims payable @ June 30, 2008	<u>\$ 21,362</u>
Claims payable @ June 30, 2008	\$ 21,362
Claims paid	(175,811)
Claims incurred	177,271
Claims payable @ June 30, 2009	<u>\$ 22,822</u>

Other Risk - The City of Waverly is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 68 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a partially self-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual required contribution	\$ 64,605
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	64,605
Contributions made	(55,878)
	<hr/>
Increase in net OPEB obligation	8,727
Net OPEB obligation beginning of year	-
	<hr/>
Net OPEB obligation end of year	<u>\$ 8,727</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 64,605	86.5%	\$ 8,727

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$605,053, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$605,053. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,998,246 and the ratio of the UAAL to covered payroll was 20.2%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date using the Alternative Measurement Method (AMM) permitted under GASB Statement, a simplified version of the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions includes a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate rate.

Mortality rates are from the 2004 United States Life Tables. Non-group specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Projected claim costs of the medical plan are \$11,149 per year for retirees less than age 65 and \$13,565 per year for retirees selecting spousal coverage. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 13 - COMMITMENTS

During the year ended June 30, 2009, and in previous years the City had entered into several construction contracts totaling approximately \$2,970,000 of which approximately \$2,120,000 has been expended to date. The remaining balance will be paid as work progresses.

The City entered into an agreement with Wartburg College for the joint use of the new Wartburg-Waverly Wellness Center. The City committed to making eight annual payments to the College of \$150,000 each beginning in the fiscal year ending June 30, 2008. The City has made payments totaling \$300,000 as of June 30, 2009. In addition, the City also agreed to a contingent liability based on the revenues of the Wartburg-Waverly Wellness Center. In order to induce the College to offer recreation programs, the City agrees that it will annually pay to the College the difference between the actual total revenues and the projected total estimated revenues beginning with the College's fiscal year ending May 31, 2009 and continuing for each fiscal year after through May 31, 2016. The revenue payment in any fiscal year from the City shall not exceed \$600,000. As of June 30, 2009 it was determined that the City was liable for the \$600,000 relating to the College's fiscal year ending May 31, 2009 and accordingly a liability was recorded for that amount in the City's general fund.

Note 14 - CONTINGENCY

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2009, the City estimates that no material liabilities will result from such audits.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2009

Note 15 - BLACK HAWK COUNTY LANDFILL CONTRACT

The City has contracted with Black Hawk County Solid Waste Commission for solid waste disposal. The new contract began October 1, 2007. The County may not be accumulating sufficient financial resources and the participating governments are obligated for a proportionate share of the debt, therefore, the City of Waverly may have an ongoing financial responsibility. The City has made payments totaling \$300,000 as of June 30, 2009.

Note 16 - JOINT VENTURE

The City is a participant with Bremer County in a joint venture to operate the Bremer – Waverly Public Safety Board. The City is obligated to remit 30% of the operating budget of the Bremer – Waverly Public Safety Board to the Organization. On dissolution of the Board, the net assets are to be contributed for the operation. The Organization is governed by a five member board composed of two designated representatives from the City and two from the County. The fifth member of the board is chosen by the four designated representatives. Complete financial statements for the Bremer – Waverly Public Safety Board can be obtained from the Board's administrative office.

Note 17 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, Industrial Development Revenue Bonds had an original issue amount of \$2,500,000. The outstanding balance at June 30, 2009 was \$1,301,000.

Note 18 - RESERVES

The following schedule reflects all reservations of fund balances as presented in the fund level statements:

	Inventory	Debt Service	Endowments	Total
General Fund	\$ 64,791	\$ -	\$ -	\$ 64,791
Debt Service	-	91,817	-	91,817
Permanent Fund				
Cemetery Perpetual Care	-	-	466,001	466,001
Total Reserves of Fund Balances	\$ 64,791	\$ 91,817	\$ 466,001	\$ 622,609

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, IOWA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
Governmental Funds and Proprietary Funds
For the Year Ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenue:			
Taxes	\$ 6,733,295	\$ -	\$ 6,733,295
Special Assessments	15,368	49,767	65,135
Licenses and Permits	67,909	-	67,909
Intergovernmental Revenue	3,730,454	-	3,730,454
Charges for Services	757,704	3,351,803	4,109,507
Fines and Forfeits	56,297	-	56,297
Contributions	62,622	-	62,622
Revenue from Use of Property	130,010	58,180	188,190
Interest on Investments	59,595	28,309	87,904
Miscellaneous	56,116	13,512	69,628
Total Revenue	<u>11,669,370</u>	<u>3,501,571</u>	<u>15,170,941</u>
Expenditures:			
Public Safety	1,857,034	-	1,857,034
Public Works	1,428,415	-	1,428,415
Health and Social Services	152,457	-	152,457
Culture and Recreation	2,107,262	-	2,107,262
Community and Economic Development	380,395	-	380,395
General Government	703,461	-	703,461
Capital Projects	4,318,773	-	4,318,773
Debt Service	2,070,552	-	2,070,552
Business-Type Activities	-	4,483,559	4,483,559
Total Expenditures	<u>13,018,349</u>	<u>4,483,559</u>	<u>17,501,908</u>
Excess (deficiency) of revenues over expenditures	<u>(1,348,979)</u>	<u>(981,988)</u>	<u>(2,330,967)</u>
Other financing sources (uses):			
Issuance of Debt	4,360,000	-	4,360,000
Refunding Bond Payments	(4,295,000)	-	(4,295,000)
Proceeds from Sale of Capital Assets	30,326	-	30,326
Miscellaneous	(60,167)	-	(60,167)
Transfers In	3,368,578	-	3,368,578
Transfers Out	(3,223,578)	(145,000)	(3,368,578)
Total other financing sources (uses)	<u>180,159</u>	<u>(145,000)</u>	<u>35,159</u>
Net Change in Fund Balance	(1,168,820)	(1,126,988)	(2,295,808)
Balances - beginning of year	6,096,908	2,011,442	8,108,350
Balances - end of year	<u>\$ 4,928,088</u>	<u>\$ 884,454</u>	<u>\$ 5,812,542</u>
Reconciliation of Ending Fund Balance - Cash Basis:			
Cash and Cash Equivalents	\$ 3,485,708	\$ 425,900	\$ 3,911,608
Investments	743,763	611,454	1,355,217
Restricted Cash and Cash Equivalents	-	397,500	397,500
Restricted Investments	-	148,217	148,217
Due from/to Other Funds	698,617	(698,617)	-
	<u>\$ 4,928,088</u>	<u>\$ 884,454</u>	<u>\$ 5,812,542</u>

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
\$ 6,662,032	\$ 6,730,832	\$ 2,463
85,183	100,000	(34,865)
22,635	20,000	47,909
1,768,417	3,575,323	155,131
4,925,781	4,944,099	(834,592)
-	-	56,297
-	-	62,622
-	-	188,190
125,627	120,000	(32,096)
128,808	182,973	(113,345)
<u>13,718,483</u>	<u>15,673,227</u>	<u>(502,286)</u>
1,700,699	1,858,022	988
1,274,415	1,409,415	(19,000)
168,150	150,650	(1,807)
2,095,257	2,118,597	11,335
408,155	422,155	41,760
735,743	745,303	41,842
3,672,674	5,479,580	1,160,807
2,371,064	2,371,064	300,512
3,096,636	3,280,136	(1,203,423)
<u>15,522,793</u>	<u>17,834,922</u>	<u>333,014</u>
<u>(1,804,310)</u>	<u>(2,161,695)</u>	<u>(169,272)</u>
-	4,314,840	45,160
-	(4,350,000)	55,000
19,000	19,000	11,326
-	-	(60,167)
4,264,211	4,264,211	(895,633)
<u>(4,264,211)</u>	<u>(4,264,211)</u>	<u>895,633</u>
<u>19,000</u>	<u>(16,160)</u>	<u>51,319</u>
(1,785,310)	(2,177,855)	(117,953)
8,108,350	8,108,350	-
<u>\$ 6,323,040</u>	<u>\$ 5,930,495</u>	<u>\$ (117,953)</u>

CITY OF WAVERLY
Required Supplementary Information – Budgetary Reporting
June 30, 2009

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Agency Fund and the Internal Service Fund, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted expenditures by \$2,312,129. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public works, health and social services, and business-type activities functions.

During the fiscal year 2009, the City had one budget amendment. The amendment was as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/18/09 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 1,700,699	\$ 157,323	\$ 1,858,022
Public Works	1,274,415	135,000	1,409,415
Health and Social Service	168,150	(17,500)	150,650
Culture & Recreation	2,095,257	23,340	2,118,597
Community & Economic Development	408,155	14,000	422,155
General Government	735,743	9,560	745,303
Capital Projects	3,672,674	1,806,906	5,479,580
Debt Service	2,371,064	-	2,371,064
Business Type/Enterprise	3,096,636	183,500	3,280,136
Total	<u>\$ 15,522,793</u>	<u>\$ 2,312,129</u>	<u>\$ 17,834,922</u>

The previous schedule demonstrates the City's legal compliance to the budget. The following schedule reconciles the budgetary comparison to the actual GAAP basis financial statements.

CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2009

	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenue:			
Taxes	\$ 6,733,295	\$ (8,480)	\$ 6,724,815
Special Assessments	65,135	(51,367)	13,768
Licenses and Permits	67,909	3,023	70,932
Intergovernmental Revenue	3,730,454	(597,114)	3,133,340
Charges for Services	4,109,507	(74,227)	4,035,280
Fines and Forfeits	56,297	(680)	55,617
Contributions	62,622	(477)	62,145
Revenue from Use of Property	188,190	-	188,190
Interest on Investments	87,904	(8,091)	79,813
Miscellaneous	69,628	54,920	124,548
Total Revenue	<u>15,170,941</u>	<u>(682,493)</u>	<u>14,488,448</u>
Expenditures/Expenses:			
Public Safety	1,857,034	8,274	1,865,308
Public Works	1,428,415	(29,822)	1,398,593
Health and Social Services	152,457	600,000	752,457
Culture and Recreation	2,107,262	5,345	2,112,607
Community and Economic Development	380,395	(1,011)	379,384
General Government	703,461	5,361	708,822
Capital Projects	4,318,773	(480,855)	3,837,918
Debt Service	2,070,552	-	2,070,552
Business-Type Activities	4,483,559	(1,135,487)	3,348,072
Total Expenditures/Expenses	<u>17,501,908</u>	<u>(1,028,195)</u>	<u>16,473,713</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(2,330,967)</u>	<u>345,702</u>	<u>(1,985,265)</u>
Other financing sources (uses):			
Issuance of Debt	4,360,000	-	4,360,000
Refunding Bond Payments	(4,295,000)	-	(4,295,000)
Proceeds from Sale of Capital Assets	30,326	-	30,326
Miscellaneous	(60,167)	60,167	-
Contributed Capital Revenue	-	68,511	68,511
Transfers In	3,368,578	15,400	3,383,978
Transfers Out	(3,368,578)	(15,400)	(3,383,978)
Total other financing sources (uses)	<u>35,159</u>	<u>128,678</u>	<u>163,837</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	<u>(2,295,808)</u>	<u>474,380</u>	<u>(1,821,428)</u>
Fund Balance/Retained Earnings - beginning of year	<u>8,108,350</u>	<u>10,757,455</u>	<u>18,865,805</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 5,812,542</u>	<u>\$ 11,231,835</u>	<u>\$ 17,044,377</u>

CITY OF WAVERLY, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
For the Year Ended June 30, 2009

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	*	\$ -	\$ 605,053	\$ 605,053	0.00%	\$ 2,998,246	20.2%

* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and Net OPEB Obligation, funding status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2009

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Assets			
Cash and Cash Equivalents	\$ 261,727	\$ 650,000	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	908
Subsequent Year Taxes	-	-	191,091
Accrued Interest	-	483	-
Due from Other Governmental Agencies	60,710	142,577	-
Total Assets	322,437	793,060	191,999
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	40,398	6,763	-
Accrued Wages	27,473	-	-
Due to Other Funds	-	265,091	113,429
Deferred Revenue - Subsequent Year Taxes	-	-	191,091
Total Liabilities	67,871	271,854	304,520
Fund Balances:			
Reserved for:			
Perpetual Care	-	-	-
Unreserved	254,566	521,206	(112,521)
Total Fund Balances	254,566	521,206	(112,521)
Total Liabilities and Equity	\$ 322,437	\$ 793,060	\$ 191,999

Special Revenue Funds			Capital Projects			
Trees Forever	Cable TV	Municipal Band	Adams Parkway	Capital Improvement Fund	E Bremer Ave Streetscape	Walmart Project
\$ 22,989	\$ 24,042	\$ 823	\$ -	\$ 58,648	\$ -	\$ -
-	12,224	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,989	36,266	823	-	58,648	-	-
-	2,250	-	-	2,730	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,250	-	-	2,730	-	-
-	-	-	-	-	-	-
22,989	34,016	823	-	55,918	-	-
22,989	34,016	823	-	55,918	-	-
\$ 22,989	\$ 36,266	\$ 823	\$ -	\$ 58,648	\$ -	\$ -

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2009

	Capital Projects		
	5th St NW/ 5th Ave NW	1st Ave SE Parking Lot	Bremer Ave Traffic Signal
Assets			
Cash and Pooled Investments	\$ -	\$ -	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Accrued Interest	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	-	-	10,255
Accrued Wages	-	-	-
Due to Other Funds	7,942	4,584	82,717
Deferred Revenue - Subsequent Year Taxes	-	-	-
Total Liabilities	<u>7,942</u>	<u>4,584</u>	<u>92,972</u>
Fund Balances:			
Reserved for:			
Perpetual Care	-	-	-
Unreserved	(7,942)	(4,584)	(92,972)
Total Fund Balances	<u>(7,942)</u>	<u>(4,584)</u>	<u>(92,972)</u>
Total Liabilities and Equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects					
Recreation Capital Improvement	Emergency Demolition Program	Waverly Dam Reconstruction	3rd Street SE Bridge	Housing Rehab	Public Works Facility
\$ 2,863	\$ -	\$ -	\$ 40,000	\$ 9,774	\$ 11,003
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,863	-	-	40,000	9,774	11,003
-	-	27,046	-	-	144,301
-	325	-	-	-	-
-	8,932	1,463	-	-	-
-	-	-	-	-	-
-	9,257	28,509	-	-	144,301
-	-	-	-	-	-
2,863	(9,257)	(28,509)	40,000	9,774	(133,298)
2,863	(9,257)	(28,509)	40,000	9,774	(133,298)
\$ 2,863	\$ -	\$ -	\$ 40,000	\$ 9,774	\$ 11,003

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2009

	Capital Projects			
	Dry Run	Flood Mitigation Dry Run	Cent Oaks IIIA & III	1st NW Parking Lot
Assets				
Cash and Pooled Investments	\$ 103,347	\$ -	\$ -	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Total Assets	<u>103,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	3,461	4,333	-	-
Accrued Wages	-	-	-	-
Due to Other Funds	-	4,353	118	-
Deferred Revenue - Subsequent Year Taxes	-	-	-	-
Total Liabilities	<u>3,461</u>	<u>8,686</u>	<u>118</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Perpetual Care	-	-	-	-
Unreserved	99,886	(8,686)	(118)	-
Total Fund Balances	<u>99,886</u>	<u>(8,686)</u>	<u>(118)</u>	<u>-</u>
Total Liabilities and Equity	<u>\$ 103,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects					Permanent	Governmental Nonmajor Funds
Crestwood Trail Project	16th Street Sidewalk	5th Ave SW (4th to 8th)	Oak Ridge Circle/ Tech Place	Industrial Tech Plaza	Cemetery Perpetual Care Fund	
\$ -	\$ -	\$ -	\$ -	\$ 271,803	\$ 466,001	\$ 1,923,020
-	-	-	-	-	-	12,224
-	-	-	-	-	-	908
-	-	-	-	-	-	191,091
-	-	-	-	-	-	483
-	-	-	-	-	-	203,287
-	-	-	-	271,803	466,001	2,331,013
-	-	-	3,792	-	-	245,329
-	-	-	-	-	-	27,798
2,282	-	-	111,115	-	-	602,026
-	-	-	-	-	-	191,091
2,282	-	-	114,907	-	-	1,066,244
-	-	-	-	-	466,001	466,001
(2,282)	-	-	(114,907)	271,803	-	798,768
(2,282)	-	-	(114,907)	271,803	466,001	1,264,769
\$ -	\$ -	\$ -	\$ -	\$ 271,803	\$ 466,001	\$ 2,331,013

CITY OF WAVERLY, IOWA**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****Governmental Nonmajor Funds****For the Year Ended June 30, 2009**

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Revenue:			
Taxes	\$ -	\$ 815,438	\$ 187,411
Licenses and Permits	-	-	-
Intergovernmental Revenue	743,269	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	13,789	-
Miscellaneous	5,512	-	-
Total Revenue	748,781	829,227	187,411
Expenditures:			
Public Safety	-	24,547	-
Public Works	859,280	7,438	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	2,829
Capital Projects	-	9,402	-
Total Expenditures	859,280	41,387	2,829
Excess (deficiency) of revenues over expenditures	(110,499)	787,840	184,582
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	100,000	-	-
Transfers Out	-	(782,104)	(190,819)
Total other financing sources (uses)	100,000	(782,104)	(190,819)
Net Change in Fund Balance	(10,499)	5,736	(6,237)
Fund balances (deficits) -beginning of year	265,065	515,470	(106,284)
Fund balances (deficits) - end of year	\$ 254,566	\$ 521,206	\$ (112,521)

Special Revenue Funds			Capital Projects			
Trees Forever	Cable TV	Municipal Band	Adams Parkway	Capital Improvement Fund	E Bremer Ave Streetscape	Walmart Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	23,640	-	-	-	-	-
13,500	-	-	-	305,494	-	-
4,945	-	1,450	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,087	-	-
-	-	-	-	-	-	-
18,445	23,640	1,450	-	307,581	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	53,464	3,169	-	-	-	-
10,984	-	-	-	-	-	-
-	-	-	262,218	112,292	-	-
10,984	53,464	3,169	262,218	112,292	-	-
7,461	(29,824)	(1,719)	(262,218)	195,289	-	-
-	-	-	-	-	-	-
-	-	-	282,864	37,321	-	5,193
-	-	-	-	(254,735)	(15,400)	-
-	-	-	282,864	(217,414)	(15,400)	5,193
7,461	(29,824)	(1,719)	20,646	(22,125)	(15,400)	5,193
15,528	63,840	2,542	(20,646)	78,043	15,400	(5,193)
\$ 22,989	\$ 34,016	\$ 823	\$ -	\$ 55,918	\$ -	\$ -

CITY OF WAVERLY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2009

	Capital Projects		
	5th St NW/ 5th Ave NW	1st Ave SE Parking Lot	Bremer Ave Traffic Signal
Revenue:			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	-	-	-
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
Capital Projects	7,720	2,610	92,972
Total Expenditures	7,720	2,610	92,972
Excess (deficiency) of revenues over expenditures	(7,720)	(2,610)	(92,972)
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balance	(7,720)	(2,610)	(92,972)
Fund balances (deficits) -beginning of year	(222)	(1,974)	-
Fund balances (deficits) - end of year	\$ (7,942)	\$ (4,584)	\$ (92,972)

Capital Projects					
Recreation Capital Improvement	Emergency Demolition Program	Waverly Dam Reconstruction	3rd Street SE Bridge	Housing Rehab	Public Works Facility
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
75,000	-	-	-	61,512	-
-	-	-	-	1,113	-
-	-	-	-	-	-
10	-	-	-	-	10,386
-	-	-	-	-	-
75,010	-	-	-	62,625	10,386
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,257	28,509	-	61,511	893,898
-	9,257	28,509	-	61,511	893,898
75,010	(9,257)	(28,509)	-	1,114	(883,512)
-	-	-	-	-	-
-	-	-	20,000	-	120,000
(75,000)	-	-	-	-	-
(75,000)	-	-	20,000	-	120,000
10	(9,257)	(28,509)	20,000	1,114	(763,512)
2,853	-	-	20,000	8,660	630,214
\$ 2,863	\$ (9,257)	\$ (28,509)	\$ 40,000	\$ 9,774	\$ (133,298)

CITY OF WAVERLY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Nonmajor Funds

For the Year Ended June 30, 2009

	Capital Projects			
	Dry Run	Flood Mitigation Dry Run	Cent Oaks IIIA & III	1st NW Parking Lot
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	-	-	-	-
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
Capital Projects	60,226	8,686	-	19,546
Total Expenditures	60,226	8,686	-	19,546
Excess (deficiency) of revenues over expenditures	(60,226)	(8,686)	-	(19,546)
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	40,000	-	-	-
Transfers Out	-	-	-	(24,064)
Total other financing sources (uses)	40,000	-	-	(24,064)
Net Change in Fund Balance	(20,226)	(8,686)	-	(43,610)
Fund balances (deficits) -beginning of year	120,112	-	(118)	43,610
Fund balances (deficits) - end of year	\$ 99,886	\$ (8,686)	\$ (118)	\$ -

Capital Projects					Permanent	Governmental Nonmajor Funds
Crestwood Trail Project	16th Street Sidewalk	5th Ave SW (4th to 8th)	Oak Ridge Circle/ Tech Place	Industrial Tech Plaza	Cemetery Perpetual Care Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,002,849
-	-	-	-	-	-	23,640
67,682	-	-	-	-	-	1,266,457
-	-	-	-	-	4,958	12,466
-	-	-	-	45,992	-	45,992
-	-	-	-	-	-	26,272
-	-	-	-	-	-	5,512
67,682	-	-	-	45,992	4,958	2,383,188
-	-	-	-	-	-	24,547
-	-	-	-	-	-	866,718
-	-	-	-	-	-	56,633
-	-	-	-	-	-	13,813
97,929	3,209	410,444	172,219	2,540	-	2,255,188
97,929	3,209	410,444	172,219	2,540	-	3,216,899
(30,247)	(3,209)	(410,444)	(172,219)	43,452	4,958	(833,711)
-	-	-	-	24,971	-	24,971
-	13,174	391,709	-	-	-	1,010,261
-	-	-	-	-	-	(1,342,122)
-	13,174	391,709	-	24,971	-	(306,890)
(30,247)	9,965	(18,735)	(172,219)	68,423	4,958	(1,140,601)
27,965	(9,965)	18,735	57,312	203,380	461,043	2,405,370
\$ (2,282)	\$ -	\$ -	\$ (114,907)	\$ 271,803	\$ 466,001	\$ 1,264,769

CITY OF WAVERLY, IOWA
Schedule of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>ELECTRIC UTILITY</u>				
<u>Assets</u>				
Cash in Bank	\$ 16,624	\$ 12,008,593	\$ 11,873,605	\$ 151,612
Accounts Receivable	711,794	11,928,699	11,953,743	686,750
Total Assets	728,418	23,937,292	23,827,348	838,362
<u>Liabilities</u>				
Due to Other Governments	702,715	23,915,619	23,801,645	816,689
Other Payables	25,703	21,673	25,703	21,673
Total Liabilities	\$ 728,418	\$ 23,937,292	\$ 23,827,348	\$ 838,362

CITY OF WAVERLY STATISTICAL SECTION

This part of the City of Waverly's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:	Pages
Financial Trends	82 – 89
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	90 – 93
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	94 – 102
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	103
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	104 – 109
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.

City of Waverly, Iowa
Government-Wide Net Assets by Component²
Last Six Fiscal Years¹
(accrual basis of accounting)

	Fiscal Year					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities						
Invested in Capital Assets, net of related debt	\$ 15,223,416	\$ 13,769,685	\$ 13,874,528	\$ 18,880,181	\$ 21,032,486	\$ 23,672,634
Restricted	439,592	2,642,776	451,600	907,320	1,901,399	2,056,639
Unrestricted	3,575,388	4,288,547	7,690,383	5,696,327	4,289,177	2,566,051
Total Governmental Activities Net Assets	<u>\$ 19,238,396</u>	<u>\$ 20,701,008</u>	<u>\$ 22,016,511</u>	<u>\$ 25,483,828</u>	<u>\$ 27,223,062</u>	<u>\$ 28,295,324</u>
Business-type Activities						
Invested in Capital Assets, net of related debt	\$ 8,819,772	\$ 9,024,813	\$ 10,367,357	\$ 10,825,782	\$ 10,839,282	\$ 11,575,601
Restricted	-	689,551	268,943	294,728	182,668	541,706
Unrestricted	2,640,049	2,325,551	1,461,106	1,510,592	1,790,196	711,666
Total Business-type Activities Net Assets	<u>\$ 11,459,821</u>	<u>\$ 12,039,915</u>	<u>\$ 12,097,406</u>	<u>\$ 12,631,102</u>	<u>\$ 12,812,146</u>	<u>\$ 12,828,973</u>
Primary Government						
Invested in Capital Assets, net of related debt	\$ 24,043,188	\$ 22,794,498	\$ 24,241,885	\$ 29,705,963	\$ 31,871,768	\$ 35,248,235
Restricted	439,592	3,332,327	720,543	1,202,048	2,084,067	2,598,345
Unrestricted	6,215,437	6,614,098	9,151,489	7,206,919	6,079,373	3,277,717
Total Primary Government Activities Net Assets	<u>\$ 30,698,217</u>	<u>\$ 32,740,923</u>	<u>\$ 34,113,917</u>	<u>\$ 38,114,930</u>	<u>\$ 40,035,208</u>	<u>\$ 41,124,297</u>

Notes:

- 1) The City implemented GASB Statement No. 34 in fiscal year 2004, therefore, six years of government-wide financial data is presented.
- 2) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Iowa or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

City of Waverly, Iowa
Changes in Net Assets
Last Six Fiscal Years (1)

Fiscal Year

	2004	2005	2006	2007	2008	2009
Expenses						
Governmental Activities:						
General Government	\$ 717,406	\$ 653,628	\$ 337,530	\$ 636,525	\$ 657,669	\$ 722,714
Public Safety	1,457,558	2,375,953	1,702,173	1,594,179	1,826,343	1,842,773
Public Works	337,158	2,346,295	2,229,068	2,583,298	3,051,121	3,525,685
Health and Social Services	-	5,956	4,470	40,492	371,172	752,457
Community & Economic Development	145,857	100,224	260,829	323,131	453,463	439,362
Culture and Recreation	1,890,816	1,848,445	1,940,735	2,008,138	2,391,710	2,266,639
Debt Service	558,303	616,883	677,574	629,037	581,318	533,573
Capital Projects	772,802	-	124,404	-	-	-
Total Governmental Activities Expenses	5,879,900	7,947,384	7,276,783	7,814,800	9,332,796	10,083,203
Business-type Activities						
Water	934,857	1,009,669	935,603	992,197	1,004,759	1,015,570
Sewer	1,302,613	1,294,864	1,363,527	1,340,567	1,459,406	1,371,630
Solid waste	677,072	720,941	787,681	794,029	917,857	960,872
Total Business-type Activities Expenses	2,914,542	3,025,474	3,086,811	3,126,793	3,382,022	3,348,072
Total Primary Government Expenses	8,794,442	10,972,858	10,363,594	10,941,593	12,714,818	13,431,275
Program Revenues²						
Governmental Activities:						
Charges for Services						
General Government	214,684	197,218	276,152	248,926	288,618	220,787
Public Safety	175,223	209,491	190,165	66,869	53,784	40,546
Public Works	215,740	241,750	57,233	94,986	76,341	106,013
Community & Economic Development	-	-	-	-	24,002	28,000
Culture and Recreation	618,652	640,162	646,625	668,242	574,588	615,094
Operating Grants and Contributions	1,273,888	1,083,524	1,102,485	1,380,110	2,162,998	2,562,584
Capital Grants and Contributions	-	1,330,195	23,000	1,404,076	803,799	448,176
Total Governmental Activities Program Revenues	2,498,187	3,702,340	2,295,660	3,863,209	3,984,130	4,021,200
Business-type Activities:						
Charges for services:						
Water	915,628	940,144	928,360	1,065,811	1,086,607	1,030,087
Sewer	1,060,088	1,173,966	1,323,162	1,423,835	1,426,363	1,397,455
Solid waste	749,942	810,682	828,387	838,647	913,187	929,328
Capital Grants and Contributions	-	511,096	159,028	369,790	138,522	-
Total Business-Type Activities Program Revenues	2,725,658	3,435,888	3,238,937	3,698,083	3,564,679	3,356,870
Total Primary Government Program Revenues	\$ 5,223,845	\$ 7,138,228	\$ 5,534,597	\$ 7,561,292	\$ 7,548,809	\$ 7,378,070

	2004	2005	2006	2007	2008	2009
Net (Expense)/Revenue						
Governmental Activities:						
Business-type Activities	\$ (3,381,713)	\$ (4,245,044)	\$ (4,981,123)	\$ (3,951,591)	\$ (5,348,666)	\$ (6,062,003)
Total Primary Government Net Expense	<u>(188,884)</u>	<u>410,414</u>	<u>152,126</u>	<u>571,290</u>	<u>182,657</u>	<u>8,798</u>
	<u>(3,570,597)</u>	<u>(3,834,630)</u>	<u>(4,828,997)</u>	<u>(3,380,301)</u>	<u>(5,166,009)</u>	<u>(6,053,205)</u>
General Revenues						
Governmental Activities:						
Property Taxes	3,243,081	3,405,718	3,623,336	4,955,605	5,269,029	5,738,820
Other Taxes	562,401	636,502	711,455	-	-	-
Local Option Sales Tax	500,793	782,317	619,941	708,172	803,943	815,438
Hotel/Motel Taxes	58,176	140,467	143,631	144,854	173,098	170,557
Special Assessment	19,781	-	-	-	-	-
Interest	49,554	78,837	223,744	283,245	193,573	57,397
General Intergovernmental Revenues	280,986	496,854	635,103	169,440	178,926	190,500
Contributions	131,292	-	-	-	-	-
Gain (Loss) on Sale of Assets	32,749	(14,730)	-	910,094	259,062	30,326
Miscellaneous	120,097	81,691	156,570	53,029	75,766	54,738
Transfers	32,633	100,000	182,846	194,469	134,503	76,489
Total Governmental Activities	<u>5,031,543</u>	<u>5,707,656</u>	<u>6,296,626</u>	<u>7,418,908</u>	<u>7,087,900</u>	<u>7,134,265</u>
Business-type Activities:						
Investment Earnings	64,284	68,664	101,656	103,118	70,915	26,338
Contributions	51,000	-	-	-	-	-
Miscellaneous	47,332	78,070	68,474	53,757	61,975	58,180
Transfers	(32,633)	(100,000)	(182,846)	(194,469)	(134,503)	(76,489)
Total Business-type Activities	<u>129,983</u>	<u>46,734</u>	<u>(12,716)</u>	<u>(37,594)</u>	<u>(1,613)</u>	<u>8,029</u>
Total Primary Government	<u>5,161,526</u>	<u>5,754,390</u>	<u>6,283,910</u>	<u>7,381,314</u>	<u>7,086,287</u>	<u>7,142,294</u>
Change in Net Assets						
Governmental Activities	1,649,830	1,462,612	1,315,503	3,467,317	1,739,234	1,072,262
Business-type Activities	<u>(58,901)</u>	<u>457,148</u>	<u>139,410</u>	<u>533,696</u>	<u>181,044</u>	<u>16,827</u>
Total Primary Government	<u>\$ 1,590,929</u>	<u>\$ 1,919,760</u>	<u>\$ 1,454,913</u>	<u>\$ 4,001,013</u>	<u>\$ 1,920,278</u>	<u>\$ 1,089,089</u>

Notes:

1) The City implemented GASB Statement No. 34 in fiscal year 2004, therefore, six years of government-wide financial data is presented.

2) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

**City of Waverly, Iowa
Tax Revenues By Source
Last Ten Fiscal Years
(cash basis of accounting)**

Fiscal Year	General Property Tax	Local Option Sales Tax¹	Bank Franchise Tax²	Tax Increment Financing Taxes	Cable TV Franchise Tax	Hotel - Motel Tax¹	Total Taxes
2000	\$ 2,660,291	\$ -	\$ 39,428	\$ 556,802	\$ 29,668	\$ -	\$ 3,286,189
2001	2,819,551	-	23,279	508,446	34,068	-	3,385,344
2002	2,951,815	-	38,305	463,321	35,742	-	3,489,183
2003	3,105,328	-	41,078	485,238	40,292	-	3,671,936
2004	3,243,081	455,716	47,092	562,401	45,714	58,176	4,412,180
2005	3,405,718	762,930	14,351	637,467	48,750	131,802	5,001,018
2006	3,623,336	613,218	-	688,065	48,070	146,890	5,119,579
2007	3,962,657	708,172	-	992,950	52,620	144,852	5,861,251
2008	4,227,819	803,943	-	1,041,210	49,784	173,098	6,295,854
2009	\$ 4,319,975	\$ 815,438	\$ -	\$ 1,418,845	\$ 46,878	\$ 170,557	\$ 6,771,693

Percentage Change In Dollars Over 10 Years	62.39%	78.94%	N/A	154.82%	58.01%	193.17%	106.07%
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Notes:

¹ Local Option tax started in July of 2003. Hotel-Motel tax started in January 2004.

² Bank franchise taxes were implemented for ten years and were completed during fiscal year 2005.

City of Waverly, Iowa
Fund Balances of Governments Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund					
Reserved	\$ 82,009	\$ 87,889	\$ 117,216	\$ 33,165	\$ 48,370
Unreserved	<u>1,746,171</u>	<u>1,423,146</u>	<u>1,307,610</u>	<u>1,347,586</u>	<u>1,314,653</u>
Total General Fund	<u>\$ 1,828,180</u>	<u>\$ 1,511,035</u>	<u>\$ 1,424,826</u>	<u>\$ 1,380,751</u>	<u>\$ 1,363,023</u>
All Other Governmental Funds					
Reserved	\$ 85,910	\$ 71,770	\$ 50,051	\$ 5,406	\$ 452,714
Unreserved, reported in:					
Special Revenue Funds	990,870	661,255	578,201	488,445	239,392
Capital Projects Funds	<u>1,365,480</u>	<u>1,727,904</u>	<u>1,686,968</u>	<u>1,461,858</u>	<u>1,760,337</u>
Total All Other Governmental Funds ¹	<u>\$ 2,442,260</u>	<u>\$ 2,460,929</u>	<u>\$ 2,315,220</u>	<u>\$ 1,955,709</u>	<u>\$ 2,452,443</u>
Total Governmental Funds					
Reserved	\$ 167,919	\$ 159,659	\$ 167,267	\$ 38,571	\$ 501,084
Unreserved, reported in:					
General Fund	1,746,171	1,423,146	1,307,610	1,347,586	1,314,653
Special Revenue Funds	990,870	661,255	578,201	488,445	239,392
Capital Projects Funds	<u>1,365,480</u>	<u>1,727,904</u>	<u>1,686,968</u>	<u>1,461,858</u>	<u>1,760,337</u>
Total Governmental Funds	<u>\$ 4,270,440</u>	<u>\$ 3,971,964</u>	<u>\$ 3,740,046</u>	<u>\$ 3,336,460</u>	<u>\$ 3,815,466</u>

Notes:

The fluctuations in the fund balance result from construction projects in which funds are borrowed in one year and spent in another fiscal year.

¹

Fiscal Year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 47,265	\$ 56,105	\$ 65,635	\$ 59,122	\$ 64,791
<u>1,453,064</u>	<u>1,377,426</u>	<u>2,688,512</u>	<u>2,896,720</u>	<u>1,782,381</u>
<u>\$ 1,500,329</u>	<u>\$ 1,433,531</u>	<u>\$ 2,754,147</u>	<u>\$ 2,955,842</u>	<u>\$ 1,847,172</u>
\$ 2,642,776	\$ 470,369	\$ 511,995	\$ 516,770	\$ 557,818
848,604	1,287,143	1,604,900	1,415,982	1,495,475
<u>1,780,788</u>	<u>4,674,246</u>	<u>1,898,051</u>	<u>1,165,065</u>	<u>314,939</u>
<u>\$ 5,272,168</u>	<u>\$ 6,431,758</u>	<u>\$ 4,014,946</u>	<u>\$ 3,097,817</u>	<u>\$ 2,368,232</u>
\$ 2,690,041	\$ 526,474	\$ 577,630	\$ 575,892	\$ 622,609
1,453,064	1,377,426	2,688,512	2,896,720	1,782,381
848,604	1,287,143	1,604,900	1,415,982	1,495,475
<u>1,780,788</u>	<u>4,674,246</u>	<u>1,898,051</u>	<u>1,165,065</u>	<u>314,939</u>
<u>\$ 6,772,497</u>	<u>\$ 7,865,289</u>	<u>\$ 6,769,093</u>	<u>\$ 6,053,659</u>	<u>\$ 4,215,404</u>

City of Waverly, Iowa
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2000	2001	2002	2003
Revenues				
Taxes	\$ 3,217,093	\$ 3,328,017	\$ 3,415,136	\$ 3,590,566
Licenses and Permits	130,149	108,410	173,340	124,133
Intergovernmental	2,527,369	1,795,639	2,445,506	2,036,841
Charges for Services	632,649	606,146	638,450	741,935
Fines and Forfeits	-	-	-	-
Investment Earnings	164,835	278,247	159,424	85,070
Rental Income	-	-	-	-
Special Assessments	-	-	-	-
Contributions	-	-	-	1,679
Proceeds from the Sale of Real Estate & Equipment	-	-	-	-
Refunds	-	-	-	-
Miscellaneous	485,269	400,919	393,088	481,661
Total Revenues	<u>\$ 7,157,364</u>	<u>\$ 6,517,378</u>	<u>\$ 7,224,944</u>	<u>\$ 7,061,885</u>
Expenditures¹				
Public Safety	-	-	-	1,275,046
Community Protection	1,013,337	1,224,628	1,304,717	-
Public Works	-	-	-	939,123
Health and Social Services	-	-	-	-
Culture and Recreation	-	-	-	1,702,179
Human Development	1,399,114	1,443,020	1,483,736	-
Community and Economic Development	-	-	-	112,626
Home and Community Development	2,249,928	1,583,322	1,636,001	-
General Government	-	-	-	650,401
Policy and Administration	522,861	528,207	566,585	-
Debt Service	-	-	-	-
Principal	695,000	1,130,000	1,219,228	1,678,632
Interest	214,877	361,152	318,522	707,969
Capital Projects	2,027,552	4,262,075	5,411,214	1,391,725
Total Expenditures	<u>\$ 8,122,669</u>	<u>\$ 10,532,404</u>	<u>\$ 11,940,003</u>	<u>\$ 8,457,701</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(965,305)	(4,015,026)	(4,715,059)	(1,395,816)
Other Financing Sources (Uses)				
Issuance of Bonds and Notes	2,456,644	3,119,650	4,339,154	693,336
Payment of Refunded Bonds	-	-	-	-
Transfers In	715,653	2,971,114	1,530,721	1,482,771
Transfers Out	(1,156,615)	(2,451,114)	(1,387,292)	(1,356,247)
Sale of Fixed Assets	36,789	7,110	-	171,501
Total Other Financing Sources (Uses)	<u>\$ 2,052,471</u>	<u>\$ 3,646,760</u>	<u>\$ 4,482,583</u>	<u>\$ 991,361</u>
Net change in fund balances	<u>\$ 1,087,166</u>	<u>\$ (368,266)</u>	<u>\$ (232,476)</u>	<u>\$ (404,455)</u>
Debt service as a percentage of non-capital expenditures ²	14.93%	23.78%	23.55%	33.78%

Notes:

¹ The State of Iowa program levels changed in 2003.

² The non-capital expenditures for years 2000-2003 is not readily available.

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 4,364,451	\$ 4,965,004	\$ 5,098,363	\$ 5,808,631	\$ 6,246,070	\$ 6,724,815
181,939	132,251	20,461	104,771	89,096	70,932
1,554,873	1,653,304	1,862,099	2,289,765	2,839,001	3,133,340
998,372	804,429	816,965	826,422	762,581	753,881
43,989	46,214	48,530	43,692	60,519	55,617
48,082	78,837	223,744	281,232	190,953	53,475
-	50,450	48,460	86,141	105,137	130,010
19,781	53,956	29,557	14,824	24,624	8,107
131,292	32,699	52,076	19,943	46,245	62,145
62,724	4,000	9,690	-	-	-
-	-	424,806	-	-	-
124,136	81,691	155,922	60,087	75,766	54,738
<u>\$ 7,529,639</u>	<u>\$ 7,902,835</u>	<u>\$ 8,790,673</u>	<u>\$ 9,535,508</u>	<u>\$ 10,439,992</u>	<u>\$ 11,047,060</u>
1,436,963	2,142,727	1,806,846	1,505,718	2,527,463	1,865,308
-	-	-	-	-	-
1,061,314	1,106,425	1,150,898	1,120,069	1,361,664	1,398,593
-	5,956	4,470	40,492	371,172	752,457
1,894,714	1,749,569	1,870,055	2,092,858	1,965,203	2,112,607
-	-	-	-	-	-
145,857	100,224	683,676	211,505	424,329	379,384
-	-	-	-	-	-
584,231	587,689	681,145	708,594	759,889	708,822
-	-	-	-	-	-
1,081,664	1,086,164	3,264,741	1,465,223	1,365,468	1,492,422
615,031	549,564	626,454	608,512	598,918	578,130
772,802	1,240,044	1,787,442	4,116,093	2,671,634	3,837,918
<u>\$ 7,592,576</u>	<u>\$ 8,568,362</u>	<u>\$ 11,875,727</u>	<u>\$ 11,869,064</u>	<u>\$ 12,045,740</u>	<u>\$ 13,125,641</u>
(62,937)	(665,527)	(3,085,054)	(2,333,556)	(1,605,748)	(2,078,581)
81,610	3,522,558	4,040,000	124,983	1,093,267	4,360,000
1,621,927	1,601,076	1,829,403	2,439,569	(589,612)	(4,295,000)
(1,589,294)	(1,501,076)	(1,691,557)	(2,245,100)	3,836,910	3,383,978
-	-	-	917,908	(3,709,313)	(3,238,978)
-	-	-	259,062	30,326	30,326
<u>\$ 114,243</u>	<u>\$ 3,622,558</u>	<u>\$ 4,177,846</u>	<u>\$ 1,237,360</u>	<u>\$ 890,314</u>	<u>\$ 240,326</u>
<u>\$ 51,306</u>	<u>\$ 2,957,031</u>	<u>\$ 1,092,792</u>	<u>\$ (1,096,196)</u>	<u>\$ (715,434)</u>	<u>\$ (1,838,255)</u>
24.88%	22.32%	38.57%	26.75%	21.52%	20.73%

City of Waverly, Iowa
Assessed and Taxable Value of Taxable Property ¹
Last Ten Fiscal Years

Fiscal Year	Real Property		Utilities ³		Total		Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value ²	Assessed Value	Taxable Value	Assessed Value	Taxable Value		
2000	\$ 315,372,490	\$ 213,352,556	\$ 6,015,930	\$ 6,015,930	\$ 321,388,420	\$ 219,368,486	11.767	68.26%
2001	342,645,740	224,675,982	5,824,544	5,822,822	348,470,284	230,498,804	12.051	66.15%
2002	337,725,070	226,919,161	5,793,703	5,793,703	343,518,773	232,712,864	12.472	67.74%
2003	370,510,662	230,667,689	6,131,301	6,127,965	376,641,963	236,795,654	12.969	62.87%
2004	373,740,464	231,242,928	6,391,538	6,391,538	380,132,002	237,634,466	13.472	62.51%
2005	387,241,882	228,587,942	5,739,643	6,122,573	392,981,525	234,710,515	14.305	59.73%
2006	400,227,354	234,339,310	5,813,677	5,898,577	406,041,031	240,237,887	14.852	59.17%
2007	463,670,117	256,420,559	6,391,451	6,095,819	470,061,568	262,516,378	14.699	55.85%
2008	490,500,027	268,565,295	6,910,814	5,536,691	497,410,841	274,101,986	15.071	55.11%
2009	\$ 575,400,233	\$ 324,454,334	\$ 7,911,996	\$ 5,871,270	\$ 583,312,229	\$ 330,325,604	14.781	56.63%

Source: Bremer County, Iowa; County Auditor

The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. In Notes: FY 2009 this percentage is 44.0803%.

¹ Taxable Value does not include the Tax Increment Levy

² Taxable value = (percent rollback * assessed value) - exemptions (military, homestead, elderly, etc.)

³ Utilities includes Railroads, Utilities, and Gas & Electric

City of Waverly, Iowa
Property Tax Rates- Direct and Overlapping Governments
(Per \$1,000 of Taxable Value)
Last Ten Fiscal Years
Tax Rates

Fiscal Year	City of Waverly				Overlapping Rates				
	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	Total Direct and Overlapping
2000	\$ 8.730	\$ 0.712	\$ 2.325	\$ 11.767	\$ 12.334	\$ 4.481	\$ 0.715	\$ 17.530	\$ 29.297
2001	8.741	0.774	2.536	12.051	12.286	4.645	0.694	17.625	29.676
2002	8.733	0.973	2.766	12.472	12.002	4.430	0.699	17.131	29.603
2003	8.804	1.126	3.039	12.969	12.370	4.453	0.784	17.608	30.577
2004	8.814	1.353	3.305	13.472	12.259	4.954	0.746	17.959	31.431
2005	8.793	2.234	3.278	14.305	12.101	6.318	0.995	19.415	33.720
2006	8.837	2.814	3.201	14.852	12.020	6.668	1.067	19.755	34.607
2007	8.850	2.835	3.014	14.699	12.371	6.337	1.040	19.748	34.447
2008	8.555	3.782	2.734	15.071	12.390	6.520	0.828	19.738	34.809
2008	\$ 8.564	\$ 3.601	\$ 2.616	\$ 14.781	\$ 12.375	\$ 7.098	\$ 1.001	\$ 20.474	\$ 35.255

Source: Bremer County Iowa: County Auditor

City of Waverly, Iowa
Principal Taxpayers and Their Assessed Valuations
June 30, 2009

<u>Taxpayer</u>	<u>2009</u>			<u>2000</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
CUNA Mutual Life Insurance	\$ 9,070,930	1	1.56%	\$ 10,134,610	2	2.98%
Wal-Mart	7,613,500	2	1.31%	-		-
Nestle' USA	7,319,110	3	1.25%	16,915,895	1	4.97%
Birdworks LLC	6,788,040	4	1.16%	-		-
First National Bank	4,295,700	5	0.74%	1,662,642	11	0.49%
GMT Corporation	3,324,150	7	0.57%	4,153,226	4	1.22%
MDMPartnership	3,093,620	8	0.53%	1,793,440	10	0.53%
Terex Cranes, Inc. - Waverly	3,080,190	6	0.53%	6,029,950	3	1.77%
Village Square Plaza	2,806,460	9	0.48%	2,246,560	5	0.66%
State Bank & Trust Co.	2,562,160	10	0.44%	-		-
US West Communications	-	-	-	1,999,876	6	0.59%
Wav/Kaz Inc.	-	-	-	1,991,640	7	0.59%
Meier-Hanson Properties	-		-	1,976,726	8	0.58%
Waverly Partners, L.P.	-	-	-	1,924,350	9	0.57%
Total Principal Taxpayers	49,953,860		8.56%	50,828,915		14.94%
All Other Taxpayers	533,358,369		91.44%	289,364,536		85.06%
Total Assessed Valuation	<u>\$ 583,312,229</u>		<u>100.00%</u>	<u>\$ 340,193,451</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

City of Waverly, Iowa
Property Tax Levies and Collections ¹
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ²</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2000	\$ 2,596,924	\$ 2,660,291	102.44%
2001	2,749,411	2,819,551	102.55%
2002	2,872,431	2,951,815	102.76%
2003	3,048,979	3,105,328	101.85%
2004	3,236,314	3,243,081	100.21%
2005	3,400,347	3,405,718	100.16%
2006	3,612,645	3,623,336	100.30%
2007	3,903,182	4,107,509	105.23%
2008	4,215,820	4,400,917	104.39%
2009	\$ 4,307,395	\$ 4,490,532	104.25%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

¹ GAAP Basis

² Collected totals for each fiscal year include delinquent and current property taxes. The Bremer County Treasurer's Office does not record for which year delinquent payments are made therefore delinquent collections are included in year collected.

City of Waverly, Iowa
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Special Assessment Loan Notes	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds				
2000	\$ 8,733,672	\$ 84,318	\$ 1,891,328	\$ 2,315,000	\$ 525,000	\$ 13,549,318	8.26%	\$ 1,511
2001	10,768,965	155,140	1,766,035	2,130,000	465,000	15,285,140	9.32%	1,704
2002	14,037,365	429,162	1,657,635	3,650,000	410,000	20,184,162	12.31%	2,251
2003	13,069,612	333,395	1,505,388	3,365,000	-	18,273,395	11.14%	2,038
2004	12,004,612	252,350	1,375,388	3,035,000	-	16,667,350	10.16%	1,859
2005	14,494,612	257,744	1,705,388	2,700,000	-	19,157,744	11.68%	2,136
2006	15,309,612	218,003	1,105,388	2,340,000	-	18,973,003	11.57%	2,116
2007	13,894,612	292,763	950,388	1,975,000	-	17,112,763	10.44%	1,908
2008	13,048,267	238,158	1,636,733	1,535,000	-	16,458,158	7.94%	1,835
2009	\$11,656,017	\$ 182,156	\$ 1,373,983	\$ 1,245,000	\$ -	\$ 14,457,156	6.95%	\$ 1,612

Notes:

¹ Population data used was the actual census from the year 2000 of 8,968.

² See the Schedule of Demographic and Economic Statistics on page 103 for personal income data. The 2000 figure was used for all years except 2008 and 2009.

City of Waverly
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual ¹ Taxable Value of Property</u>	<u>Per Capita²</u>
2000	\$ 10,625,000	\$ 85,910	\$ 10,539,090	4.80%	\$ 1,175
2001	12,535,000	71,770	12,463,230	5.41%	1,390
2002	15,695,000	50,051	15,644,949	6.72%	1,745
2003	14,575,000	5,406	14,569,594	6.15%	1,625
2004	13,380,000	13,122	13,366,878	5.62%	1,491
2005	16,200,000	2,197,444	14,002,556	5.97%	1,561
2006	16,415,000	18,769	16,396,231	6.82%	1,828
2007	14,845,000	55,356	14,789,644	5.63%	1,649
2008	14,685,000	32,626	14,652,374	5.35%	1,634
2009	\$ 13,030,000	\$ 91,817	\$ 12,938,183	4.72%	\$ 1,443

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Table of Assessed Values and Taxable Value of Taxable Property for property value data.

² Population data used was the actual census from the year 2000 of 8,968.

City of Waverly, Iowa
Computation of Direct and Overlapping Debt³
June 30, 2009

Name of Governmental Unit	Debt Outstanding	Percentage ⁴ Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 11,838,173	100%	\$ 11,838,173
Overlapping:			
Bremer County ¹	4,870,000	18%	876,600
Waverly-Shell Rock School District ²	<u>5,605,000</u>	44%	<u>2,466,200</u>
Total Overlapping Debt	<u>\$ 22,313,173</u>		<u>\$ 15,180,973</u>
Total Direct and Overlapping Debt	<u>\$ 34,151,346</u>		<u>\$ 27,019,146</u>

Sources:

¹ County Auditor, Bremer County, Iowa

² Waverly-Shell Rock School District

Notes:

³ Excluding General Obligation bonds reported in the Enterprise Funds.

⁴ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

**City of Waverly
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$ 17,009,673	\$ 18,345,184	\$ 19,640,231	\$ 19,758,691
Total Net Debt Applicable to Limit	<u>10,623,408</u>	<u>12,667,697</u>	<u>15,793,339</u>	<u>14,638,096</u>
Legal Debt Margin	\$ 6,386,265	\$ 31,012,881	\$ 3,846,892	\$ 5,120,595
Total Net Debt Applicable to the Limit as a percentage of debt limit	62.46%	69.05%	80.41%	74.08%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Value		
Real and Personal Property Within the City		\$ 583,312,229
TOTAL ESTIMATED VALUATION		<u>583,312,229</u>
DEBT LIMIT - 5% of ESTIMATED VALUATION		29,165,611
Amount of Debt Applicable to Limit		
Total Debt and Long-Term Notes Payable	14,457,156	
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	1,095,000	
Water Revenue Bonds	<u>150,000</u>	
	1,245,000	
Amount Available for Repayment of General Obligation Debt	<u>91,817</u>	
Debt Applicable to Debt Limit		<u>13,120,339</u>
Legal Debt Margin		<u>\$ 16,045,272</u>

Notes: Under Title IX, Subtitle 2, Chapter 358C, paragraph 16 of the Iowa State Code, the City's debt limit should not exceed 5% of the estimated value of the taxable property within that district.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 20,047,576	\$ 20,751,823	\$ 21,449,800	\$ 25,194,381	\$ 26,574,137	\$ 29,165,611
<u>13,366,878</u>	<u>16,200,000</u>	<u>16,832,236</u>	<u>15,082,395</u>	<u>14,890,532</u>	<u>13,120,339</u>
\$ 6,680,698	\$ 4,551,823	\$ 4,617,564	\$ 10,111,986	\$ 11,683,605	\$ 16,045,272
66.68%	78.07%	78.47%	59.86%	56.03%	44.99%

**City of Waverly, Iowa
Water Revenue Bond Coverage
Last Ten Fiscal Years¹**

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments On Principal	Payments For Interest
2000	\$ 742,102	\$ 678,265	\$ 160,922	\$ 63,837	\$ 196,800	\$ 117,217
2001	732,462	711,199	204,559	21,263	190,800	100,058
2002	693,298	699,280	181,974	(5,982)	193,800	110,925
2003	802,011	816,543	222,506	(14,532)	245,000	118,007
2004	915,628	844,817	226,489	70,811	220,000	90,040
2005	940,144	918,528	225,896	21,616	225,000	91,141
2006	928,360	839,001	234,258	89,359	245,000	96,602
2007	1,065,811	939,067	254,098	126,744	255,000	53,130
2008	1,086,607	958,476	259,751	128,131	260,000	46,283
2009	\$ 1,030,087	\$ 959,049	\$ 260,422	\$ 71,038	\$ 257,750	\$ 56,521

Notes

¹ GAAP Basis

Total Debt Service Payments		Net Revenue Available For Debt Service Plus Depreciation			Coverage Without Depreciation
		Coverage			
\$	314,017	0.20	\$	224,759	0.72
	290,858	0.07		225,822	0.78
	304,725	(0.02)		175,992	0.58
	363,007	(0.04)		207,974	0.57
	310,040	0.23		297,300	0.96
	316,141	0.07		247,512	0.78
	341,602	0.26		323,617	0.95
	308,130	0.41		380,842	1.24
	306,283	0.42		387,882	1.27
\$	314,271	0.23	\$	331,460	1.05

City of Waverly, Iowa
Sewer Revenue Bond Coverage
Last Ten Fiscal Years¹

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available For Debt Service	Payments On Principal	Payments For Interest
2000	\$ 808,213	\$ 925,142	\$ 311,117	\$ (116,929)	\$ 134,600	\$ 104,492
2001	834,254	948,780	364,038	(114,526)	157,600	108,043
2002	873,799	1,012,818	356,616	(139,019)	164,600	106,146
2003	981,281	1,080,629	373,630	(99,348)	221,500	136,717
2004	1,060,088	1,185,001	377,805	(124,913)	240,000	117,612
2005	1,173,966	1,178,154	417,531	(4,188)	245,000	116,710
2006	1,323,162	1,255,668	421,538	67,494	255,000	107,859
2007	1,423,835	1,249,868	442,856	173,967	265,000	90,699
2008	1,426,363	1,379,356	455,447	47,007	280,000	80,050
2009	\$ 1,397,455	\$ 1,317,802	\$ 448,663	\$ 79,653	\$ 295,000	\$ 53,828

Notes

¹ GAAP Basis

		Net Revenue Available For Debt Service Plus Depreciation		
Total Debt Service Payments	Coverage		Coverage Without Depreciation	
\$ 239,092	(0.49)	\$ 194,188	0.81	
265,643	(0.43)	249,512	0.94	
270,746	(0.51)	217,597	0.80	
358,217	(0.28)	274,282	0.77	
357,612	(0.35)	252,892	0.71	
361,710	(0.01)	413,343	1.14	
362,859	0.19	489,032	1.35	
355,699	0.49	616,823	1.73	
360,050	0.13	502,454	1.40	
\$ 348,828	0.23	\$ 528,316	1.51	

City of Waverly, Iowa
Demographic and Economic Statistics ¹
Selected Years

Fiscal Year	Population	Total Personal Income ²	Per Capita Personal Income	Median Age	Educational Attainment Bachelor's Degree or Higher	School Enrollment	Unemployment Rate
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2009	9,298 (3)	\$ 208,052,048	\$ 22,376 (4)	35.2 (5)	2,919 (6)	1,916 (7)	4.60% (8)

Sources: U.S. Census Bureau

Notes:

1. Accurate statistical figures are only available every ten years.
2. Computation of per capita personal income multiplied by population.
3. According to www.iowa.hometownlocator.com/census/estimates/cities.cfm
4. According to www.bestplaces.net/city/Waverly-Iowa
5. According to www.bestplaces.net/city/Waverly-Iowa
6. According to www.bestplaces.net/city/Waverly-Iowa
7. WSR school enrollment for 08-09.
8. According to www.bestplaces.net/city/Waverly-Iowa

**City of Waverly, Iowa
Principal Employers
Current Year ¹**

Employer	2009		
	Employees	Rank	Percentage of Total City Employment
CUNA Mutual Life Insurance	693	1	10.82%
Wartburg College	502	2	7.84%
Waverly Shell Rock Schools	428	3	6.68%
Waverly Health Center	320	4	5.00%
Nestle USA, Beverage Division	250	5	3.90%
Bartels Lutheran Home	223	6	3.48%
GMT Corporation	200	7	3.12%
Lutheran Services in Iowa, Inc	200	8	3.12%
TDS Automation Inc.	148	9	2.31%
Terex Cranes, Inc. - Waverly Division	125	10	1.95%
Total Employees of Principal Employers	<u>3,089</u>		<u>48.24%</u>
Other Employees	<u>3,314</u>		<u>51.76%</u>
Total Employees ₂	<u>6,403</u>		<u>100.00%</u>

Source:

Waverly Laborshed Analysis, Iowa Workforce Development, March 2008
Phone Survey

Note:

¹ Comparative data from nine years ago not currently available.

² Includes full-time and part-time employees based on a February 2009 survey.

City of Waverly, Iowa
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function										
General Government	9.5	9.5	9.5	10	10	11	10.5	11	11	11
Library	9	9.5	9.5	10	9.5	9.5	9.5	10	10	10
Public Safety										
Police										
Officers	15	15	15	15	15	15	15	16	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	0.5	0.5	1	1	1	1	1	1	1	1
Volunteers	36	36	36	36	36	36	36	36	36	36
Highways and Streets										
Engineering/Zoning/Economic	4.5	5	5	5	5	5	5	6	7.5	7.5
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	7	7	7
Building Inspection ¹	1	2	2	2	2	2	1	0	0	0
Sanitation ²	7.5	7.5	8	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Culture and Recreation ²	20	21	20.5	23.5	24.5	23	24	23	20	17
Water	3.5	4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Sewer	6	6	6	6	6	6	6	6	6	6
	<u>122.5</u>	<u>126</u>	<u>126</u>	<u>130.5</u>	<u>131</u>	<u>130.5</u>	<u>130</u>	<u>131</u>	<u>129.5</u>	<u>126.5</u>

Source: City of Waverly Accounting Department

Notes:

¹ In 2005 the building inspection responsibilities was moved to Bremer County.

² Fluctuations in these functions were due to the number of part-time seasonal personnel.

City of Waverly, Iowa
Operating Indicators by Function
Last Ten Fiscal Years ¹

Function	Fiscal Year			
	2000	2001	2002	2003
Police				
Physical Arrests	342	286	315	375
Parking Violations	1,148	1,103	892	846
Traffic Violations	547	721	827	917
Fire				
Number of Calls Answered	78	88	103	102
Highways and Streets				
Street Maintenance (Blocks)	115	133	64	94
Street Reconstruction (Blocks)	-	-	22.6	10.6
Building Permits				
Number	416	368	383	336
Value	\$ 33,545,862	\$ 14,143,415	\$ 14,867,213	\$ 41,115,598
Permit Fees	\$ 79,855	\$ 65,612	\$ 69,099	\$ 113,815
Sanitation				
Solid Waste Collected (tons)	3,758	3,624	3,793	3,814
Recyclables Collected (pounds)	2,156,765	1,942,798	1,828,084	1,812,570
Water				
Water Pumped (in thousands of gallons)	390,976	371,024	364,192	408,101
Water Billed (in thousands of gallons)	327,592	259,232	263,336	282,336
Percent Accountable	84%	70%	72%	69%

Source: Annual reports from each department.

Notes:

¹ Indicators are not available in all areas for all ten years.

Fiscal Year					
2004	2005	2006	2007	2008	2009
385	458	488	555	691	556
777	1,006	911	840	1,037	937
934	935	1,087	1,021	1,516	1,155
103	118	100	131	135	127
133	120	110	100	120	103
9.7	4.8	15.1	2.85	7	9
375	355	362	404	357	402
\$ 35,655,597	\$ 32,289,223	\$ 19,223,833	\$ 55,475,429	\$ 12,722,997	\$ 21,983,939
\$ 122,646	\$ 115,576	\$ 78,111	\$ 147,000	\$ 70,269	\$ 103,873
4,129	4,028	3,985	4,143	4,532	4,186
1,819,223	1,885,863	1,812,279	1,836,893	1,892,803	1,954,793
389,947	336,927	320,782	333,907	352,075	367,679
290,155	262	267,137	271,203	268,325	257,857
74%	78%	83%	81%	76%	70%

City of Waverly, Iowa
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2000	2001	2002	2003
Police:				
Stations	1	1	1	1
Patrol Units	4	4	4	4
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	3	3	3	3
Recycling Trucks			1	1
Highways and Streets				
Streets City Maintained (miles)	61	62	62	63
Culture and Recreation				
Parks Acreage	93	93	93	100
Parks	21	21	21	21
Miles of Recreational Trails	7	7	7	7
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers				
Airports	1	1	1	1
Golf Courses	2	2	2	2
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemeteries (acres)	40	47	47	47
Water				
Water Mains (miles)	60	60	60	60
Number of Service Connections	3,422	3,427	3,427	3,422
Daily Ave. Consumption in Gallons	1,049,333	948,000	1,059,000	1,107,583
Fire Hydrants	650	650	650	650
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
Sewer				
Sanitary Sewers (miles)	60	60	60	60
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,427	3,427	3,427	3,427
Daily Ave. Treatments in Gallons	1,105,025	1,185,288	895,562	906,767
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

Fiscal Year						
2004	2005	2006	2007	2008	2009	
1	1	1	1	1	1	1
4	4	4	8	8	8	8
1	1	1	1	1	1	1
3	3	3	3	4	4	4
1	1	1	1	1	1	1
64	65	67	67	67	67	67
110	115	120	120	120	120	120
22	23	24	24	24	24	24
10	10	10	10	12	14	14
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	2	2	2	2	2	2
2	2	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
47	47	47	47	47	47	47
64	64	66	66	68	68	68
3,214	3,323	3,353	3,447	3,527	3,476	3,476
1,071,000	923,088	881,000	914,814	961,750	1,012,819	1,012,819
587	587	634	640	660	660	660
7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
62	62	62	62	62	62	62
1	1	1	1	1	1	1
3,427	3,160	3,160	3,397	3,468	3,427	3,427
975,871	1,040,274	1,027,151	1,029,500	1,829,100	1,174,000	1,174,000
2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000

SINGLE AUDIT SECTION

CITY OF WAVERLY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended June 30, 2009

Federal Grantor Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Identifying Number	Federal Expenditures
Direct:			
U.S. Department of Commerce, Economic Development Administration:			
Economic Adjustment Assistance (ARRA)	11.307		\$ 1,463
U.S. Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2008 Flood	1,354,250
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1763-IA	8,933
Indirect:			
U.S. Department of Housing and Urban Development			
Passed through the Iowa Department of Economic Development :			
Community Development Block Grant	14.228		62,124
U.S. Department of Transportation			
Passed through the Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive	20.601	PAP 08-410, Task 68	863
		PAP 09-406, Task 169	<u>121</u>
Total expenditures of federal awards			<u>\$ 1,427,754</u>

Note 1 - Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Waverly, Iowa, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, and is considered to be a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements and is also considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were are follows:
 - CFDA #97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Waverly did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Significant Deficiencies:

II-A-09 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the City's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were noted.

Significant Deficiencies:

III-A-09 Financial Reporting/Grant Administration

Observation – During the audit, we identified material amounts of receivables and payables not recorded in the City's financial statements as well as adjustments required for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the City to properly include all amounts in the Schedule Expenditures of Federal Awards.

Recommendation – The City should implement procedures to ensure all receivables and payables are identified and included in the City's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – The City understands the nature of the weakness and will double check these items in the future to avoid missing any receivables, payables or adjustments to the Schedule of Expenditures of Federal Awards.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-09 - Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the public works, health and social services, and business-type activities functions.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

IV-B-09 - Questionable Expenditures - We noted no questionable expenditures during our audit.

IV-C-09 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-D-09 - Business Transactions - Business transactions between the City and employees are detailed as follows:

<u>Name, Title</u>	<u>Transaction/Description</u>	<u>Amount</u>
Dennis Happel, Volunteer Fire Chief	Happel Excavating	\$67,472 *
Cyndi Ecker, City Council	Eckers Flowers & Greenhouse	\$ 2,269 *

* These transactions may represent a conflict of interest and the District should contact legal counsel for determination.

IV-E-09 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-09 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-G-09 - Revenue Bonds - No violations of revenue bond resolutions were noted.

IV-H-09 Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

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Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6542

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor, Members of the City Council
City of Waverly, Iowa

Compliance

We have audited the compliance of the City of Waverly, Iowa (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Waverly's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item III-A-09 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. The significant deficiency noted on the schedule of findings and questioned costs as item III-A-09 is considered to be a material weakness.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Waverly's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, and others within the City of Waverly, Iowa, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 21, 2009

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, Members of the City Council
City of Waverly, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of Waverly Municipal Hospital or Waverly Light and Power (discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report on these financial statements, insofar as it relates to the amounts included for the discretely presented component units was based solely on the reports of other auditors.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the City of Waverly, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waverly, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Waverly, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Waverly, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City of Waverly, Iowa's financial statements that is more than inconsequential will not be prevented or detected by the City of Waverly, Iowa's internal control. We consider the deficiency in internal control described in the accompanying schedule of findings and questioned costs as item II-A-09 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Waverly, Iowa's internal control.



**Schedule of Findings and Questioned Costs
Corrective Action Plan
June 30, 2009**

Department of Homeland Security

The City of Waverly, Iowa, respectfully submits the following corrective action plan for the year ended June 30, 2009.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2009.

The finding from the June 30, 2009 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SIGNIFICANT DEFICIENCY:

III-A-09 - Financial Reporting/Grant Administration

Observation – During the audit we identified material amounts of receivables and payables not recorded in the City's financial statements as well as adjustments required for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the City to properly include all amounts in the Schedule Expenditures of Federal Awards.

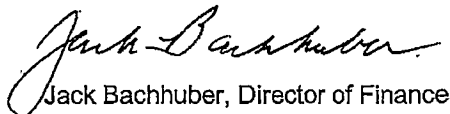
Recommendation – The City should implement procedures to ensure all receivables and payables are identified and included in the City's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – The City understands the nature of the weakness and will double check these items in the future to avoid missing any receivables, payables or adjustments to the Schedule of Expenditures of Federal Awards.

If the Department of Homeland Security has questions regarding this plan, please call Jack Bachhuber at 319-352-4252.

Sincerely yours,

CITY OF WAVERLY, IOWA


Jack Bachhuber, Director of Finance